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Analysis of Tour and Transport service business in Turku archipelago

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This thesis studies the business models of three case companies, which are offering seasonal tour and transport services in Turku archipelago. The purpose of this thesis was to gain knowledge about how to operate transport services successfully in an operational environment, where changing weather conditions and holiday seasons cause drastic changes in demand on monthly, daily and possibly even hourly basis. The scope of this thesis was limited to tour- and transport operators in Turku archipelago.

The primary research was conducted in the form of structured interviews with the case company owners who all have tens of years of experience in operating the seasonal services in Turku archipelago. The primary research method allowed access to first-hand information about offering the services in the archipelago environment. The aims of this thesis were to understand better the operational environment and its challenges and to provide development suggestions for City of Espoo on how to operate and develop seasonal tour and transport services in Espoo archipelago, based on the research in Turku archipelago and the analysis of the case companies.

A visual approach “the business model canvas” was used in the analysis section of the thesis to present the business models of the case companies and to name and analyse their key elements of operations on the basis of customer experience and service design. The business model canvas presents only in a general level the elements that are necessary to pay attention to in business planning and in organizing the operations of a business to offer services to markets.

The main results of the research and analysis of this thesis were that the changes of seasons and weather do not seem to affect the businesses in such measures, as the writer had anticipated in the beginning of the research and that companies which are operating other services in addition to seasonal transport services, have a better starting point to offer seasonal services reliably and continuously in the archipelago environment, than a company operating only charter services. The most suitable business model to the archipelago environment would seem to be the kind, which is based on partnerships and co-operation, since the case companies have organized their operations on a base of co-operation and partnerships. The case companies have also invested in good quality of customer service to ensure the satisfaction of customers on their services and into offering customizable services and service packages to cater to expectations and needs of different customer segments. These, would seem to be the keys to offering seasonal services successfully. The results of this thesis may be used in the development of transport services in Espoo Archipelago.

Keywords

Business model canvas, seasonal services, seasonal demand, archipelago, transport services in archipelago, business model analysis

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1 Introduction

The Finnish archipelago is a beautiful and unique natural environment and for some years now it has been under promotion as a rising tourist destination. In 2006 the Merenkurkku archipelago in Finland was nominated as one of the UNESCO heritage sites and other pieces of the archipelago are carrying similar value as travelling destinations. (Discovering Finland 2018) In previous years the Finnish government and more Finnish cities have understood the value of their archipelago terrain and other natural reserves and are promoting travelling and developing easier access to the destinations through building more means of transport towards the natural sights.

The Last Mile-project, which is promoting these objectives in the Helsinki metropolitan area inspired the writer to grow interest on the archipelago and its transport services in Turku and nearby Kemiönsaari archipelagos. The Last Mile project is seeking smart mobility solutions for tourists, residents and commuters in the city areas. It is implemented by Metropolia University of Applied Sciences (Metropolia UAS), Forum Virium of Helsinki, the city of Vantaa, Espoo Marketing Oy, Aalto University and Demos Helsinki. European Regional Development Fund is funding it as part of the six-city strategy for 2017-2019. Though the transport network in the Helsinki metropolitan area is well functioning and covers in most parts all areas, the three cities plan to develop even better transport connections for around the last 5 miles towards the natural reserves and other more distant destinations, by developing and later presenting intelligent transport booking and connecting platforms and by offering collective use of modes of transports in the area to complete and to fill gaps in the existing service offering. (Metropolia UAS 2018)

One task of the Metropolia UAS in the Last Mile project is to benchmark innovative transport services around the world, and therefore provide new ideas for developing sustainable transport services in the metropolitan area with the cities and transport service providers. One of the areas under development in Espoo is Rantaraitti, a 40 kilometre coastal walkway and the archipelago in front of the coast of city of Espoo. In the archipelago there are islands reserved for outdoor activities and recreational purposes, which are difficult or impossible to reach by public transports. (Petterson 2018) The supervisor of the thesis Kaija Haapasalo, as a project manager of Metropolia part of the Last Mile Project encouraged the writer to conduct research on similar services in Turku and nearby archipelago areas in interest of city of Espoo.

The writer of the thesis wanted to gain knowledge about how to operate transport services in an operational environment where changing weather conditions and holiday seasons cause drastic changes in demand on monthly, daily and possibly even hourly basis. These changes in demand create challenges for operators when they pursue to offer transport services reliably and continuously. Offering transport services in the archipelago requires sufficient amount of capacity in vehicles and human resources. Changing demand may sometimes require large capacities, without necessarily offering stable continuous income if demand reduces for undefined periods of time. Demand for seasonal services can be very unpredictable. To gain knowledge about offering the services in the case environment and understand these markets better, the writer conducted research in the form of structured interviews. Tour and transport service providers Rosala & Bengtskär booking office, Steamboat S/S Ukko-pekka Ab and Rosita Ab were interviewed in March 2018.

1.1 Objectives & Scale

The purpose of this thesis is to study the business models of the local tour and transport service providers and boat operators in Turku and Kemiönsaari archipelago and how they are offering seasonal services successfully in the archipelago environment. In the archipelago the holiday season and weather cause changes in demand and customer expectations differ by customer segment and service. This thesis covers analysis of three case companies and suggestions for Espoo based on the analysis. The operations and services of the case companies are analysed from points of view of service design, customers' expectations and the service providers perspective.

In order, to operate successfully and provide these services reliably and continuously in the case environment the operations require careful planning and arrangements to secure sufficient funding of the operations or stable revenues. The reliability and continuousness of transport services in the archipelago have been recognized as key performance factors for services in theory and based on experience by both parties, the City of Espoo and the operators in Turku and Kemiönsaari. Because this thesis conducted research about how the reliability and continuousness of services are secured by the case companies, the results of this research and operator analysis can be interesting for City of Espoo, or any other city or operator interested of business operations in archipelago environment.

The scope of the research of this thesis was to gather information from private tour and transport service operators in Turku and Kemiönsaari. The selected case companies are operating order and cruise boat services successfully in the area.

The research questions of this thesis are:

- What kind of offering of cruise and restaurant services are the case companies providing in Turku and in the nearby archipelago area?
- What is included in the services?
- What kind of business models are used?
- What are the customers expecting from the services?
- How to maintain and cater to customer's expectations?
- How to provide services reliably and continuously on markets where demand changes by weather conditions and is only seasonal?
- Would these services be applicable to Espoo Rantaraitti area in Finland? If yes, in what way and why?

In an interview, Lennart Petterson from Espoo Marketing adduced, that Espoo is interested in finding taxi-boat operators and collective-use transport services to be operated in the Espoo archipelago and Rantaraitti areas. The writer of the thesis will also recognize this need in the research.

1.2 Methodology

The research conducted for this thesis was in its nature exploratory qualitative research, because the main objective is to gain understanding of fundamental reasons, opinions and motivations behind business operations, and as objective to give solutions to the case problems. A research may develop at the heart of an open question and during the time of research this question might change. (Jonker 2010) The original topic of this thesis was to benchmark existing transport solutions and to pick up ideas for development work of other cities and their transport networks in and on the routes to the archipelago environment, but the topic transformed into an analysis of the existing business operators in the case environment, to tackle the challenges caused by the fluctuating demand.

A purpose of a benchmarking study is not only to compare for the sake of evaluation, but to learn by obtaining information that will help the organization identify and implement improvements into operational processes. (Andersen & Pettersen 2018) This thesis compares and evaluates the existing businesses operations in their operational environment. The results can be used to gain understanding of the operational environments in archipelago areas, to identify causes of performance gaps or they can be used in the development work of new and existing business models in such operational environments. The thesis studied three case companies and their existing business models are presented in the analysis section. The writer has analyzed the service offerings of the case companies and has evaluated the services suitability to city of Espoo.

Primary research for the thesis was conducted in form of structured interviews with the case companies and the respondents were interviewed depending on possibilities either via personal interviews or through email and phone. Since the writer lives in Turku it was relatively easy to arrange interviews with the service providers. The respondents were the owners and managers of the case companies, which allowed the writer of the thesis to gain some profound understanding of the operations of the specific case companies in the operational environment more than an internet or a literature-based research might have allowed. The interviews served as base of information for the analysis section of the thesis and provided notions about important factors to consider in the analysis.

The writer conducted three interviews of the owners of the case companies in March 2018. The objective was to gather first-hand information about the businesses offering transport and tour services in the archipelago environment, and how they are operating the different business models which are based on seasonal demand. The interviews were conducted by personal interviews with Steamboat S/S Ukkopekka Ab and Rosala & Bengtskär booking office and interview with Rosita Ab was conducted by email. The interview consisted of 30 questions. Case companies were selected since they are the main private tour and transport operators in Turku city coastal area and Kemiönsaari-area. See the interview forms and questions in appendices 1 & 2 in Finnish and in English.

Secondary research was also conducted by studying online resources and analyzing statistics about the use of different transport modes in the archipelago. The objective

was to gain knowledge of the operational environment. Secondary data about operational environment was collected from various publications like from The Finnish State Council, The Centre for Economic Development, Transport and the Environment, The Ministry of Employment and the Economy, The Ministry of Transport and Communications, Finnish Transport Agency and The Ministry of Agriculture and Forestry. Kaija Haapasalo, the Project Manager of Metropolia Last Mile project and the supervisor of this thesis and Lennart Petterson from Espoo Marketing Oy were also interviewed in January 2018, in order to understand the benchmarking objectives and development needs of City of Espoo in Rantaraitti and archipelago area.

In the analysis section the writer will present first the existing business models of the three case companies and explain their operations. The writer will also analyse the suitability of the companies' service offerings to City of Espoo. Analysis discusses if services similar to the case companies' services could promote mobilization of people in the Espoo archipelago and points out important factors in operating seasonal businesses. The writer recognizes also the existing services in Espoo area and compares the different operational environments in both areas.

1.3 Limitations

Though this thesis covers the offering of on-water tour- and transport service operators in Turku, the facts that the focus was only on the tour and cruise operators and their services and that the number of the case companies was limited, affects the reliability and generalization of the research results and analysis. A more thorough investigation of Espoo as operational environment would have allowed making a more reliable comparison analysis between the two operational environments. Acquiring more information about the accommodation, restaurant- and program services both in Turku and Espoo archipelago area would have also been useful in analyzing the total service offerings of the operational environments. Now the reliability and making of the generalizations suffers a little due to the small number of cases and limited background information about Espoo. The narrow scope of conducting research only in Turku and Kemiönsaari affects the reliability and generalizability of the results and analysis globally and in other operational environments. However, the study provides useful information about the current status of tour and transport service business in archipelago areas in Finland and the results can be used to support a more comprehensive study.

2 Finnish archipelago as operational environment

The Finnish archipelago is unique in its nature, because it is one of the largest archipelago terrains in the world and one of the largest in the northern hemisphere. From the business perspective the archipelago could act as competitive advantage in the international travel and leisure service markets. The attractions of islands all over the world are often the sea, sun, culture, nature, landscape and views of the sea and the changes of seasons over the year. Finland is one of the biggest archipelago countries in Europe, when measured by the number of islands, there are 76 000 islands and Finland covers 52 500 km² of ocean area and 314 000 km of coastal line. (Liikenne- ja viestintäministeriö 2018)

The Government of Finland recognizes the archipelago, since it has been well branded, a unique and fundamentally the only superior competitive advantage of Finland in the international markets and when exploring further into the markets the advantage grows even bigger. This branded entity can easily act as base for many local and private or public-sector service combinations. The state council presents in several publications that development and promoting of travel in archipelago, in natural reserves and recreational areas should be pursued and their part as Finland's tourist and trip marketing in the future should be strengthened and upkeep and maintenance resources of the areas should be secured in the future. (Julkaisut.valtionneuvosto.fi 2017)

2.1 Challenges of operating in the archipelago

In the archipelago, there are areas not reached by the public ferry connections and therefore the businesses operating transport services in the archipelago are in a key role to offering access to beautiful destinations in the archipelago. The operational environment in its size of 52 500 km² of sea area and 314 000 km of coastal line presents challenges to reach the distant destinations, since they are far out in the archipelago. The public ferries operate daily, but only every 3 hours and the ferry docks may be hour's drive away from larger Finnish cities. These areas away from the cities may offer limited amount of accommodation services, which creates a need for full package tour services including both transports and accommodation, and a need for proper guidance of customers travelling on their own.

The weather conditions on the sea and in Finland in general are often changing. Seasonal changes with autumn winds and cold winters are challenging. They can possibly abrupt the public ferry connections and all traffic in the archipelago areas, presenting even a bigger challenge for operators offering services and trying to fulfill customer's expectations of reliability and continuousness. Heavy winds and unpredictable winter conditions can prevent accesses to destinations from tourists and locals from time to time and this will have to be considered in the archipelago. Thick ice in winter can prevent access to islands by boat, while offering other possibilities for activities on ice.

2.2 Transport services in the Finnish archipelago

The current on- water transport services in the Finnish archipelago are either operated and funded by private companies or public operators funded by the Finnish state, e.g. connecting ferries to inhabited islands in Turku and to other bigger archipelago cities. The commuter boats and ferries are mostly owned by private companies, but the operations are funded by the Finnish government. (ELY-center 2018)

The state government of Finland is responsible for arranging commuter ferries from mainland to the inhabited archipelago islands, to support and enable the livelihood of island population. The Centre for Economic development, Transport and the Environment (ELY-center 2018) is responsible of all matters concerning the road and commuter ferries in Finland. ELY Centre is responsible of the operation of 41 ferries, most of which operate in Turku archipelago and in the lake regions of Eastern Finland, and for 12 commuter ferry route services. Commuter ferries transport cargo depending on the cargo space of vessels. (ELY-center 2018)

The Finnish Transport Agency recorded in 2016, that a total of 4,45 single trips were made during the year in the domestic sea traffic. 66% of recorded trips were made on the Gulf of Finland. Out of that 66%, which was about 3,12 million single trips, a number of 3,04 million trips were made in the metropolitan area. In Table 1. are presented travelled trips by region in domestic sea traffic in 2016.

Table 1. Domestic sea traffic, travelled trips by region in 2016. (Liikennevirasto 2018)

Domestic sea traffic, travelled trips by region in 2016	
Region	Travelled trips
Gulf of Finland	3 122 218
of which in the Capital city area	3 039 750
Archipelago Sea	257 794
of which in Turku	48 455

5,5% of all travelled single trips in the domestic sea traffic, were made in the Archipelago Sea. That is about 260 000 single travelled trips, of which 210 000 stated using commuter ferries. On the larger cruise boats travelling from mainland Finland to Åland travelled 58 000 passengers in 2016. These were the main areas of coastal area traffic recorded in 2016 by the Finnish Transport Agency. (Liikennevirasto 2018) These records give a general picture of the amounts of traffic in the archipelago.

The demand for transport services, other than route transfers, by local customers ends right after school semesters in Finland begin, at the end of holiday season. The abrupt and understandable stop of the market-based service offering in transport services to archipelago is a major problem from the perspective of promoting the archipelago travelling. It prevents access of tourists and travel agencies from abroad to destinations in the archipelago. The ELY-centre presents that more transport services are needed in the archipelago. (ELY-centre 2018) The service providers are wishing for lengthened holiday seasons in the future, as the holiday seasons in Europe for example, continue until end of September. In Finland the holiday season ends at the end of August.

The Ministry of Transport and Communications presents in their publication in 2016 the current Finnish state-run development plans which promote travelling in the archipelago by taking direction towards promoting mobile services which gather all the transport connections to archipelago under one application. This application would be called “Archipelago ride service”. This planned development project is working under The Centre for Economic Development, Transports and the Environment. The project promotes transfer into mobile based ticket sales. The application would include all ticket sales and route options and make them easily accessible for customers. It offers services of taxi boat

and other demand-based services and eases booking of collective use transport methods. Use of the application would thus ease, increase and promote effective use of the services connected to the on-land services.

3 Service design

Service design is explained as an activity of planning and organizing people, communication, infrastructure and material components of a service, with an objective to find improvements to the quality of the service and improve the interaction between customers and service providers. The main objective of service design is to improve services to cater best to the customer's specific needs. The service design can be applied in creation phase of a new service, or it can be used to develop existing services to better meet customer's demands in a changing environment. (Interaction-design.org. 2018) As a design discipline, the Service Design was introduced in 1991, by professors Michael Erlhoff and Brigit Mager at Köln International School of Design (KISD). (Fineman & Brandenburg 2018)

Holmlid (2007) combines other researcher's explanations about Service design and states that it should not as discipline, be viewed in isolation, but in the context of management, service development, operations and marketing. Together these form the provisions for good service performance. User orientation, contextualization and other service development challenges are at the heart of service design.

Service design is often mixed with other design theories, e.g. information design, which is a part of service design, but not all of it. (Holmlid 2007)

Service design integrates the possibilities and means to perform a service with such qualities, within the economy and strategic development of an organization. A service designer can "visualise, express and choreograph what other people can't see, envisage solutions that do not yet exist, observe and interpret needs and behaviours and transform them into possible service futures, and express and evaluate, in the language of experiences, the quality of design. (Service Design Network 2005)

Service design ideas and concepts are generally portrayed visually, using different representation techniques depending on the culture, skill and level of understanding of the stakeholders involved in service processes. (Krucken and Meroni, 2006) To portray the

business models of the case companies, the writer of the thesis will use a visual model, a Business Model canvas in the analysis section of the thesis.

Good service design is a series of choreographed tangible and intangible brand experiences that lead users to differentiate and choose between products and services. (Hayhow 2014)

Service design practice is construction and specification of processes that delivers valuable capacities for action to a customer segment. Service design practice may be both tangible and intangible and it may involve artifacts or other components such as environment, communication and behaviors. (Hollins & Shinkins 2006)

The designer of the service may be able to prescribe the exact configuration of a product, but s/he cannot prescribe in the same way the results of the interaction between service providers and customers, nor can s/he prescribe the characteristics and form of any emotional value produced by the service. (Holmlid 2007)

Service design is an important part of the design process of services, since it helps to ensure the best adaptation of the service processes into changing situations in real life. Service design assists in focusing the service to match the needs of a specific customer segment. (Interaction-design.org. 2018) In this thesis, the case companies have designed their services to cater to different needs of their defined customer segments. It is clear, that a family with children on a trip to Moomin World has different needs and expectations of transport services than a couple of adults on a romantic evening cruise, or a group of company representatives on a business meeting trip. While all these customers are offered basically the same transport services, the services include added adjustments of maybe a bar service or specified dinner menu, to match the customer's needs and expectations.

In the design process of creating services and in training phase of the employees who are providing the service, it is important to understand the intended service choreography and information flow inside the company employees and towards the customers. Training the customer service employees to understand the customer behaviour, needs and expectations ensures the service to match the original and intended level of service quality. As important as the training of the employees providing the services is, is the design of infrastructure around the service to enable undistracted flow of information transfer, material flow and barrier-free flow of human interaction. (Interaction-design.org. 2018)

4 Consumer behaviour

4.1 Concept of consumer behaviour

Consumer behaviour and its understanding plays a key role when designing services to cater the needs and expectations of different customer segments.

Consumer behaviour is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services. (Marketingteacher.com 2018)

Solomon and Bamossy (2006) define consumer behaviour as:

Consumer behaviour ... is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires. (Solomon, Bamossy 2006, 6).

Based on economic research dating all the way to 300 years ago, economic researchers Nicholas Bernoulli, John von Neumann and Oskar Morgenstern examined the consumer decision making process and approached the topic from an economic perspective. Their early research focused mainly on the act of purchase. The most prevalent model of this theory is the Utility Theory, which proposes the following:

Consumers make choices based on the expected outcomes of their decisions. Consumers are viewed as rational decision makers who are only concerned with self-interest. (Bray 2009)

The definition of only a self-interested consumer is getting old as today people purchase goods and services also for each other. Yet again people still intend to pursue for receiving most value for their money. This value, however, can be measured in many ways. The latest Consumer Behaviour research considers that a wide range of factors influence the consumer's decision-making process and research acknowledges a broad range of consumption activities beyond just purchasing. Contemporary research defines as consumption activities; need recognition, information search, evaluation of alternatives, the building of purchase intention, the act of purchasing, consumption and finally disposal. (Bray 2009)

4.2 Customer's expectations from services

An article in MIT Sloan management review (2018) has recognized customer's main expectations of services. The recognition is based on qualitative and quantitative researches conducted on 6 business fields of service and the research group made 4 main conclusions of customer's expectations:

1. The customers expect the service basics

Customers expect service companies to do what they're supposed to do. Expectations lay on the fundamentals, not on fanciness, customers expect performance, not empty promises.

2. Service process is key to exceeding customer's expectations

Expectations can be categorized to five dimensions: reliability, tangibles, responsiveness, assurance and empathy. Of these 5 dimensions customers favour the reliability of service: agreed timing, agreed service etc. but although the reliability is the most important factor, the process dimensions (specifically assurance, responsiveness and empathy) are more important in exceeding customer expectations. The customer's expectations can be exceeded by offering service beyond the promised service package.

3. Customer's expectations of service are dual level and dynamic

Customers view the reliability as core of the service, thus they are least willing to relax expectations on the reliability. The customer's service expectations have two levels: Adequate and Desired. Desired level of service is what a customer hopes to receive. It is blended from what the customer believes "can be" and what "should be". Adequate level is what the customer finds acceptable, the "predicted service", right timing and agreed service. Customers have been met saying "When your options are limited, you take the best you can get. My expectations are not necessarily lower, but my tolerance level is higher." (MIT Sloan management review 2018). The tolerance levels of customers towards the service are changing depending of number of alternative suppliers, but their expectations on the desired services are less changeable.

4. Customers expect relationships

The results of the study suggest that customers wish for ongoing, personalized relationships with the same representatives and that customer relationships were essential to

exceeding customer expectations. That is because relationship building is process-intensive and requires responsive, empathetic and assured service over time. The sincere efforts to understand and help the customer, fairness, and personalized on-going communication are the building blocks of genuine customer relationships and they are demonstrated during the delivery of service.

4.3 Consumer behaviour as service commitment

Park and Kim (2013) discuss service commitment and claim that in the service marketing literature, the perceived value, service quality and customer satisfaction are considered as leading factors leading to customer commitment. Literature suggest that the consumers' emotional and judgmental reactions to products or services are key influential factors for consumers' commitment.

Gwinner (1998) presents that psychological benefit and trust are essential ingredients for enhancing commitment and that they are validated to be more important than special treatment or social benefits in consumer relationships with service firms.

5 Business models

5.1 Elements of business models

Alton (2018) explains that business models define the core activities of a business and define what kind of services and products are offered.

Creating a business model isn't simply about completing your business plan or determining which products to pursue. It's about mapping out how you will create ongoing value for your customers. (Alton 2018)

According to Alton (2018) business models exist to act as kind of maps for companies on the route to creating ongoing value for customers. Business model should identify the product or service offered and its value proposition, the thing that differentiates the offering from competitors. It should define the required resources, partners and activities in creating the value proposition and define customer segments and marketing and sales strategies. Defining all these components of a business model, promotes understanding and ability to control the components, while creating a working business model.

A business model should identify a specific audience, because targeting too large of an audience renders producing a suitable service impossible, for all differing wants and needs. Instead, when creating a business model, the audience should be narrowed into different Buyer personas, into Customer segments. Outlining the different Buyer personas demographics and common challenges helps in defining how to create value to a specific Buyer persona, to a Customer Segment.

A business model is required to establish business processes. A business model determines the Key Activities, which enable the company to generate value for its customers. A groceries store is unable to generate value to customers, to sell products, without a purchasing and receiving the products.

The business model needs to identify the Key resources, resources required for daily operations. The groceries store requires a store and staff to operate in a daily basis.

The business model defines the Value proposition, the difference, why the product or service is superior to competitors. A company can offer similar products as the markets are offering, with a better service, or a new innovative product, or an old invention with new developments, anything that the competitor is not offering. Value propositions are linked into products and services and create the concept of how a company will create value for customers over time.

All business models require key business partners, partners that contribute to the business's ability to serve customers. Key partnerships form a network around a company, which reduces risk, reduces cost and helps to optimize the business operations. Key partners support the company, supply raw materials or other required resources and assist in marketing and delivering value to customers. A business model defines the marketing and sales strategy, a strategy to build awareness of the offering among customers, to position the offering in the market, defines the different sales channels and the structured sales process.

Business models comprise of two financial components; the revenue model identifies the sources of revenues generated by the business. The cost model describes how resources are spent in the company, to generate profits. A cost model defines costs of goods sold and all operating expenses. To make a business model successful by increasing revenue or reducing costs, it helps the entrepreneur to understand the model

and its functionality, in case changes should be made in the business model in development purposes. (Bygrave, 2010)

5.2 The Business Model Canvas

The Business Model Canvas used in this thesis, was presented in a publication of Alexander Osterwalder in 2010. The Business Model Canvas is a visual chart that describes a firm's value proposition, customers, infrastructure and finances. The presenters of the model describe it as follows:

“The business model can be best described through nine basic building blocks that show the logic of how a company intends to make money. The nine blocks cover the four main areas of a business: customers, offer, infrastructure, and financial viability. The business model is like a blueprint for a strategy to be implemented through organizational structures, processes, and systems.” (Osterwalder, Pigneur and Clark 2010, 15)

The Business Model Canvas is an alternative method to describe a business model and to foster understanding of how different elements operating together create value for a company and its customers. Looking at the Canvas helps its viewer to understand from a short glimpse of the Canvas, which are the Key Partners, Activities and Resources for the company and which are the Key Channels, Relationships and Customer segments the company has selected to deliver The Value Proposition named in the middle of the Canvas.

The Canvas has been used in the work of creating new business models and for identifying the lack of invested attention on the less performing parts in the business model, when developing business models and solving problems with businesses. It can also be used as an innovation base for developing business models or to describe and evaluate existing models. See presentation of the Business Model Canvas in Figure 1.

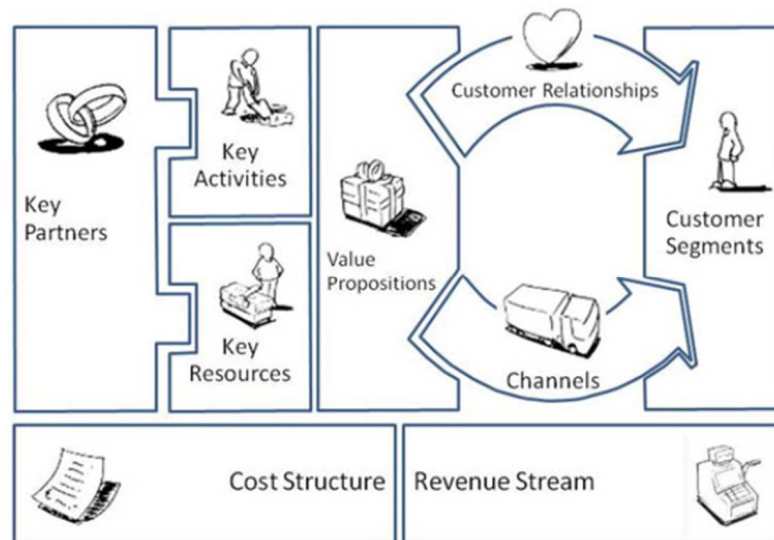


Figure 1. Presentation of the Business Model Canvas (Osterwalder, Pigneur & Clark 2010)

The nine building blocks of The Business Model Canvas are:

1. Customer segments building block

To reach the right customers in the markets a company needs to define the customer segments of typical users for their offered product or service and select the segments the company plans to serve. After segment selection the business model and services can be designed to match the specific customer needs.

Customers are divided into different segments by:

- Their needs, if they require and justify a distinct offer
- The Distribution Channels they are reached through
- Type of required relationships
- Substantially different profitability
- Differences in willingness to pay for different aspect of the offer

2. Value propositions building block

The Value proposition building block describes the combination of products and services that creates value for a single customer segment.

In the Business Model Canvas, the Value Propositions are the reasons why a customer selects a company over another. The Value proposition satisfies a need or solves a problem. Each value proposition is services and products combined in to a package that

caters to the requirements of the intended customer segment. Value propositions can be similar to the ones already existing in the markets, with some added features and attributes or they can be new, innovative and totally different.

3. Channels building block

To deliver a Value proposition the company needs to communicate with and reach its customer segments. The Channels building block describes these channels. The communication, sales and distribution channels together create a company's interface for the customers. As customer touch points the channels play a key role in the customer experience.

4. Customer relationships building block

The Customer relationships building block describes the relationships between the company and the customer segments. It should be clear to the company, what kind of relationships are established with each customer segment and through which channels. The customer relationships building block identifies the channels and types of relationships created. The relationships can be personal or automated. Customer relationships are often driven by motivations like: customer acquisition, boosting sales (upselling) and customer retention. For example, an online booking platform is a type of automated service, and its motivation is to boost sales and enable sales easily, online, at any time and place.

5. Revenue streams building block

The Revenue streams building block describes the income streams of the company, generated from selling the services and products for the customer segments. The company needs to define and make estimates of how much the different customers are truly willing to pay for products and services or offered packages. When the services are realistically priced, the company can generate one or more revenue streams from any customer segment. Revenue streams may have different pricing mechanisms, they can be priced depending on the market, depending on volumes, fixed list prices, auctioning or negotiable or yield management.

6. Key resources building block

The Key resources building block describes identified the critical assets for the business. These are the resources the company needs to deliver the Value proposition to customers. These resources enable a company to create, offer and deliver a Value Proposition.

Key resources help to reach markets, enable sales and serving customers, enable to earn revenues and maintain relationships. Key resources can vary from material to human resources and can be physical, intellectual or financial. Important key resources can be acquired through key partners and subcontractors or they can be in possession of the company.

7. Key Activities building block

The Key activities building block describes the activities crucial for the business model operation. Without these activities being performed the company will be unable to operate. In every business model there are many Key activities performed to enable operations. Like Key resources they are required to create and deliver a Value proposition, required for maintaining customer relationships and required for reaching markets. Key activities are overall crucial for earning revenues for the business.

8. Key partnerships building block

The Key partnerships building block describes a network of partners, suppliers and other operators enabling the business to deliver a Value proposition and operate. Partnerships are created for many reasons, most often to save costs of owning the knowledge or owning equipment to create everything on companies own assets. Partnerships are a cornerstone of operations for many companies. Without the Key partners delivery, the companies are often unable to deliver their Value proposition. Companies create partnerships to optimize a business model, to acquire resources or to reduce risk.

9. Cost structure building block

The Cost structure building block describes the costs generated from running the business model. Creating a Value Proposition, delivering it to customers and maintaining customer relationships all generate costs. Costs derive from performing Key Activities, acquiring Key resources and from co-operation with Key partners.

6 Analysis of transport services in Turku, Espoo and Helsinki archipelago

6.1 Turku archipelago

Turku archipelago is the largest archipelago area of Finland. Turku archipelago consists of over 20 000 islands and it reaches from the front of Turku to 110 kilometers away to Åland. (Visit Turku 2018, Vaelimatka.org 2018) Turku archipelago is located on the Southwest coast of Finland on the coast of the Archipelago Sea, only 165 kilometers

from the capital city of Helsinki. Through the city center of Turku flows River Aura, one of the most notable river in Finland and one of the largest in the Southwest Finland area. (Seppänen 2014)

The archipelago in front of the city of Turku is divided into smaller areas: Northern archipelago and the Turunmaa archipelago. Turunmaa archipelago considers the municipalities of Kemiönsaari and Parainen and the Northern archipelago the municipalities of Rymättylä, Merimasku, Taivassalo and Kustavi. Map of Turunmaa archipelago is presented in Figure 2.

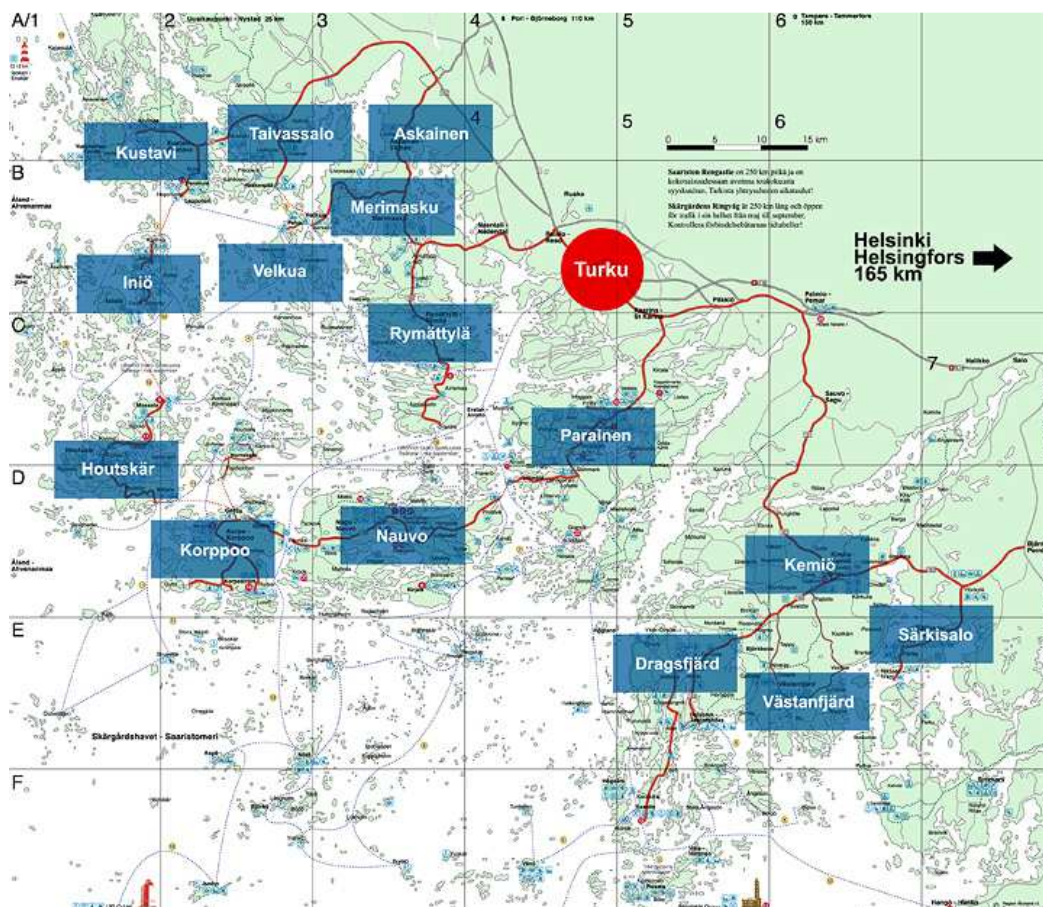


Figure 2. Map of Turku archipelago, specifically Turunmaa and Northern archipelagos. (Map of Turku Archipelago 2018)

Large areas of the Turku archipelago are in their natural state and are protected as natural reserves and natural park. The Archipelago Sea natural park covers a large area of the Turku archipelago, about 500 km² of archipelago and islands. The area offers amongst its nature a variety of activities on culture such as old archipelago churches and beautiful museums. It offers also a variety of possibilities for biking, hiking and outdoor activities. (Saaristo.org 2018, Luontoon.fi 2018) From business perspective there are

347 610 inhabitants in Turku and the Turunmaa archipelago all together, as is shown in Table 2. (Tilastokeskus 2018)

Table 2. Population of Turku and Turunmaa subregions. (Tilastokeskus 2018)

Population of Turku and Turunmaa subregions

	Population
	2016
Turku subregion	325 340
Åboland - Turunmaa subregion	22 270

The main on-water tour and transport businesses on Turku coastline and Turunmaa archipelago are the case companies Rosita Ab, Steamboat S/S Ukkopekka Ab, and Rosala & Bengtskär booking office. Other operators in the area are M/S Rudolfina, offering similar dinner cruises as Steamboat S/S Ukko-pekka Ab but on regular boats and HG Productions Ab offering cruises on two sailboats and charter services. (Visit Turku 2018) In an area of generally 347 600 inhabitants, there are 5 operators in total offering the tour and transport leisure time services amongst all route transfer services.

6.2 Espoo Archipelago

Espoo coastline reaches 58 kilometers in length and Espoo archipelago covers in total 168 islands. (Espoo550.fi) Espoo archipelago land is mainly in private possession and the rest is owned by the city of Espoo. All inhabited islands in Espoo archipelago are currently connected to the main land by road connections. (Työ- ja elinkeinoministeriö 2010)

The Espoo archipelago in front of the developing Rantaraitti area includes 12 islands open to public, owned by the city of Espoo. The islands are open to public for outdoor activities, camping, refreshment and relaxing on the islands. Public transports are organized to 4 of the 12 islands during the summer months. Three daily ferries, which only accepted payment in cash in 2017, operate in Espoo archipelago on specific routes. To reach the other 8 open islands travelers need to book service boats or own a boat to make the trip. (Espoo.fi 2018) In 2017, operating in the field of service boats there was only one operator, Norsöline Ab. For comparison in Turku archipelago area there are 5 similar operators running similar businesses, in addition to all state funded transport and other operators. (Visit Turku 2018, Rosala & Bengtskär 2018) In Helsinki city archipelago

there are 18 operators in the field of similar transport services. Therefore Espoo currently offers clearly less on-water services than Turku or Helsinki.

One major challenge in the Espoo archipelago is the low depth of water near coastline and the islands. The depths of waterways in the area near the coastline and islands in Espoo archipelago are from boating routes 0,5 meters deep to the main boating lane depth of 2,4 meters and to a lane of 4,3 meters in depth (Peltola 2013). The depths of waterways in Espoo archipelago near the Rantaraitti coastal area presented in Figure 3.

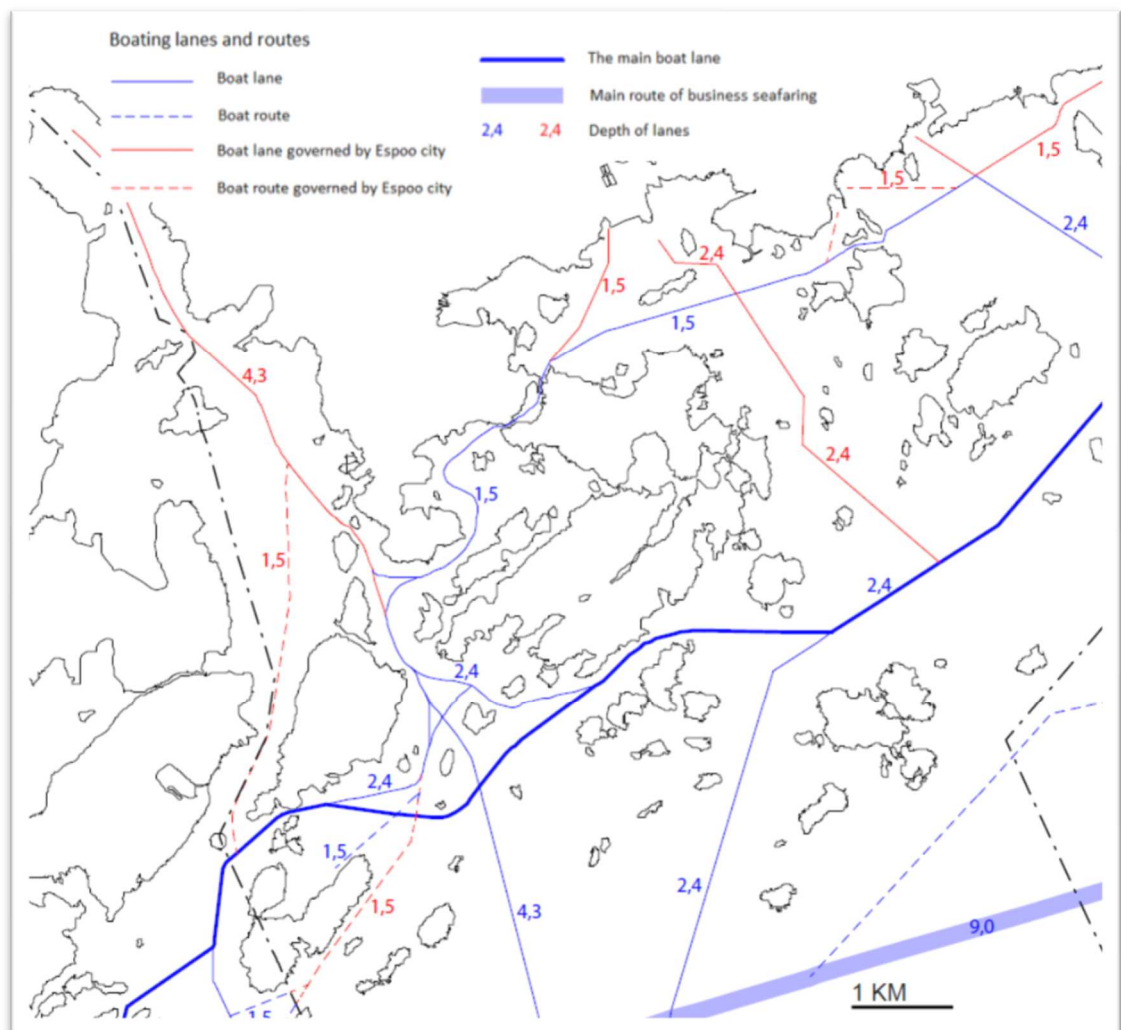


Figure 3. Espoo archipelago depths of boating lanes and routes. (Peltola 2013)

The required depth for a vessel to sail is the draught of the vessel or more. (Kangas 2018) These depths of 2,4 meters or less would allow common water busses and smaller boats to travel in the Espoo archipelago. For comparison, the River Aura boating lane is 2,5 – 3 meters in depth. (Venelähti 2018)

Any future on-water transport services in Espoo, would require a dock to beach. There are existing ports and docks in Espoo archipelago, some in private possession of boating clubs and some open for everyone, which could be used by future services. The boating docks and harbours in Espoo archipelago are presented in Figure 4.

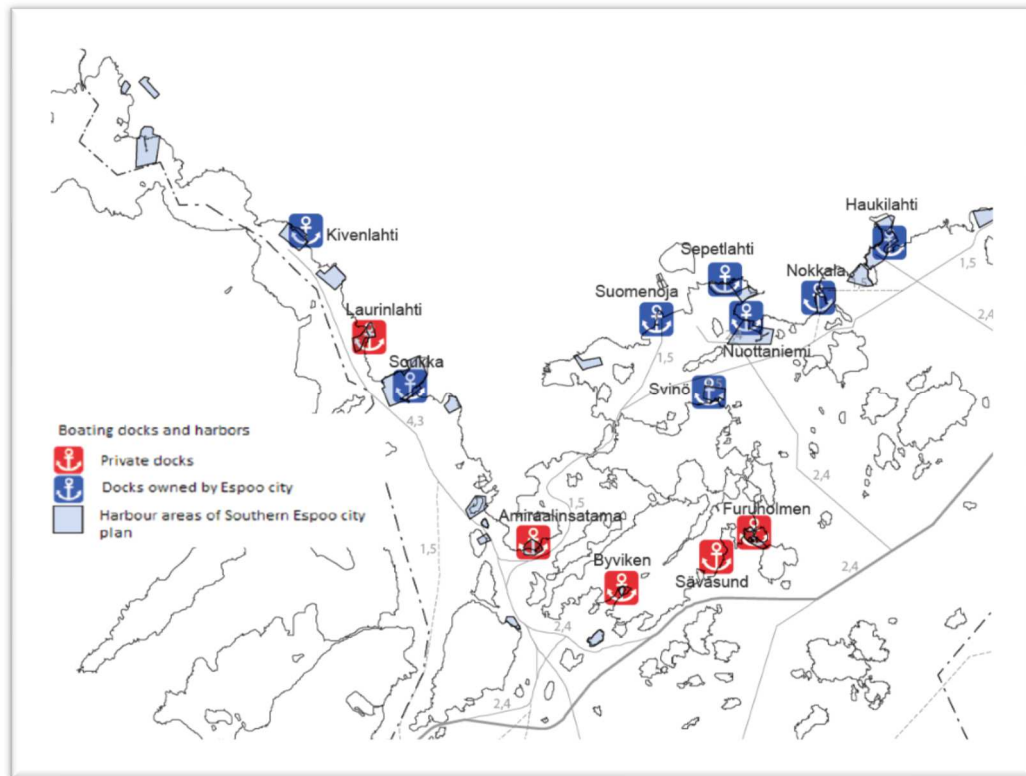


Figure 4. Boating docks and harbors of Espoo archipelago. (Peltola 2013)

The amount of ports in Espoo archipelago offers from the perspective of infrastructure a good base for new services to start operating in the area, or existing operators and port owners to widen their service offering to match possible needs for more services.

The public transport ferries to the 4 biggest open islands in Espoo operate only on summer months during the time of 10th of June to 13th of August and for the rest of August only on weekends. For the rest of the year the islands can be visited using private boats or ordered charter boat services.

According to Petterson (2018) Espoo city has identified the following challenges in the archipelago:

- Accessibility to the coastline and archipelago in Espoo. Journey chain from e.g. Helsinki city centre to archipelago is long and transport services are limited.
- Seasonality challenges. The summer season is short with irregular attendance level from travellers due to changeable weather conditions.
- Feasibility and opening hours of services in the archipelago are not sufficient. For restaurants and waterbus services the customer volumes are not sufficient.
- Lack of services for travellers.
- Lack of accommodation on the islands, because the cottages are private.
- Nature of boating changing from owning the boat to renting or sharing one.
- Accessibility to boating activities is limited, because sailing boats are expensive and there are no or very limited services available for renting sailing or rowing boats.

6.3 Tour and transport service offering in Espoo and Helsinki archipelago

The Espoo archipelago's private tour and transport service markets were at the beginning of the year 2018 operated only by Norsöline Ab. Norsöline ab offers dinner cruises in Espoo coastal area with 4 boats for up to 60 people and for tour transports the boats can take from 100 – 180 people. (Norsöline 2018)

For comparison in the archipelago of Helsinki city at the beginning of the year 2018 operated multiple operators, 18 in total, with different business models. Three of them mention in their websites that they cover a small portion of the Espoo coastal area.

- Iha-lines Ab in Helsinki is offering a day trip-package from Helsinki to Iso-Vasik-kasaari in Espoo, but only for groups reserving a whole boat. (Iha-lines Oy 2018)
- Water-taxi operator Helsingin venetaksi Ab (Helsinki taxi-boat service) states that they cover full coastal Finland and would seem to be the only water-taxi operator in the Espoo archipelago area. The company owns speedboats, charters and a yacht for groups of 1-7 people up to 35 people. The company operates in the whole Finnish coastline area with 5 types of boats. (Finder.fi 2018)
- Valborg Ab operates a service sailboat, offering dinner cruises and different service packages, but operates mainly in Helsinki and states on their website that

booking should be made early, which means that short notice booking is not possible with them. (s/v Valborg 2018)

This small offering of charter and taxi-boat services in Espoo archipelago is not enough to satisfy the demand in the area on a sunny summer day, when the reserve in capacity would be required to fill in for the public ferries.

6.4 Comparison of operational environments in archipelago areas

One difference between Turku and Espoo archipelago is the sailing depth of waterways. Generally, in Turku near the mainland, the depth of waterways is deeper, as larger vessels sail in the Turku archipelago daily to the harbor of Turku. The S/S Ukko-pekka Steamboat for example requires depth of 3,3 meters to sail and is parked in River Aura, the heart of Turku city coast. The case area in Espoo presents challenges in depth, since the main boating routes in the area near coastline and the outdoor islands are only 2,4 meters deep (Peltola 2013) and therefor would seem to allow mainly water busses and smaller vessels, or row and sailboats, with maximum draught of 2,3 meters, to travel via the boating routes in the archipelago near Rantaraitti coastal area and the outdoor islands.

Another difference between the areas is the population. Espoo is populated by about 274 00 inhabitants, but in the relatively large metropolitan city subregion live over 1,4 million people with easy access to Espoo by public transports. (Helsinginseutu.fi 2018) Turku and Turunmaa subregions are populated by 347 610 inhabitants in total. (Tilastokeskus 2018) These are roughly the amounts of people in the area with reasonable distances to travel to shore. Though both cities can expect large amounts of tourists from the mainland as extra to use their services during holiday seasons, on the Espoo coast based on the number of inhabitants, there are more local people in the area to possibly use the services than in Turku.

The competition between the areas differs drastically in the numbers of competitors, as in Helsinki metropolitan area there are 18 + 1 service operators (Helsinki + Espoo) operating in the tour and transport service markets, compared to only 5 operators operating in the Turunmaa and Turku subregions. The numbers of inhabitants per operator in the more active market areas Helsinki and Turku, are relatively even when compared with Espoo. In the metropolitan there are 1,4 million people per the 19 operators. In Turku and Turunmaa there are 347 600 people per 5 operators. In the Espoo archipelago there

are 274 000 inhabitants per only 1 service operator. The numbers of inhabitants per operator are presented in Table 3.

Table 3. Inhabitants per operator by region (Helsinginseutu.fi 2018)

Inhabitants per operator by region

Region	Operators	Inhabitants	Inhabitants per operator
Capital city subregion (Helsinki, Vantaa, Espoo & Kauniainen)	19	1 400 000	73 684
Espoo city region	1	274 000	274 000
Turku & Turunmaa subregions	5	347 600	69 000

The capital city region and the Turku and Turunmaa subregions have about 70 000 inhabitants in the region per service operator. When compared to Turku and the metropolitan area, in Espoo there are in relation 3,9 times as much inhabitants per operator in the area, in the light of the calculation of inhabitants per operator. Although all inhabitants are not potential customers, there may or may not be a relation between the numbers of inhabitants and operators, but if there was, there would be enough inhabitants for 3 more operators in Espoo archipelago.

As an operational environment, the Espoo front coastal area offers possibilities for both charter and taxi-boat operators. It is possible for charter boats to offer trips to the smaller outdoor activity islands and dinner cruise operators to run theme cruises or other tours in the area. The coastal archipelago public transport operates last trips from the islands at 8 pm. This means that restaurants and other service providers need to close doors early in the evening, though customers might want to stay and dine. (Espoo.fi 2018) If more services were established on the islands, the charter or other boat operators could gain more customers from the restaurants and services on the islands.

7 Analysis of the case companies

7.1 Data collection

The primary data collection method of the information concerning the case companies, was a personal structured interview conducted with the case company representatives. Interviewing the company representatives personally or directly via email in the case of Rosita Ab, allowed the writer of the thesis access to the most reliable source of information about the operations of the specific case companies in the operational environment. Information gathered directly from the operators is more reliable than an internet or literature-based research might have generated. Secondary research of the case companies was conducted online by getting to know the companies through the company websites.

The interviews were conducted personally in March 2018, with an exception to Rosita Ab, which was conducted by email response. The interview consisted of 30 questions to the owners of the businesses or other representatives with sufficient information about running the businesses. The query for the interviews was sent by email and followed by a personal phone call. The questions were informed in an email attachment to assure sufficient knowledge of the respondent. The case companies were selected based on an online research, to identify the most popular daytime and evening cruise and boat tour operators in Turku and nearby archipelago. There are only 5 main operators in the Turku and Turunmaa subregions including Kemiönsaari in the field of organized cruises. The selected case companies were: Rosita Ab, Steamboat S/S Ukko-pekka Ab and the Rosala & Bengtskär booking office. One of the intended case companies, the M/S Rudolfina, was never reached via email queries or phone and was left out from the research. The case companies represent the service offering of Turku city waters and nearby Turunmaa archipelago, specifically the Kemiönsaari archipelago. The case companies have operated on the fields of transport and tour operator services for years and have acquired experience and understanding of the field and the market and designed their business models and services to best cater to the demands of the market.

The interview questions concerned the topics of:

- Customer segments and the customer's expectations from services
- The service offering and most preferred services
- Owners, key partners, key resources and key activities
- Safety issues, laws and regulations

- Funding of operations
- Cost structure, revenue streams and pricing
- Differentiation of services from competitor's services and branding
- Sales, marketing, customer service and service channels
- Effects of the seasonal changes and holiday season
- Other questions related to the Espoo case situation

The answers to the interview questions formed a base of information for building the business model canvases of the case companies. The interviews offered the writer an opportunity to gain more knowledge based on experiences from the field, than an online research or literature-based research would have offered. The respondents pointed out important issues and challenges, which acts as base for the analysis in this thesis. The interview questions can be viewed in the appendices 1 & 2 of the thesis, in the form in which they were sent to the respondents in the query phase of the interview process.

7.2 Steamboat S/S Ukko-Pekka Ab

From business model perspective, the Steamboat S/S Ukko-Pekka Ab is a family owned business offering cruises and restaurant services in the archipelago and shore of Aura River in Turku. The company operates in very close co-operation with another company the Herrankukkaro Ab. The companies are owned by the same owners and were separated in the past into two different companies, to serve different customer segments. The services of both companies are marketed and sold through the same webpage.

Herrankukkaro Ab

Herrankukkaro Ab offers two types of services: charter services on 3 small boats and tour service packages for groups to Herrankukkaro fisherman's village. Herrankukkaro is a unique old fisherman's farm island village in Rymättylä archipelago, where the company offers some sauna-, spa- and recreational services with rooms for training events and business meetings and accommodation up to groups of 240 people in total. Services are available also for weddings and other event bookings with food, beverages and experience tours to archipelago, fishing and fisherman's caves on the islands. The service packages of Herrankukkaro Ab, with transports to the island on the charter boats, are sold through the same website as the services of Steamboat S/S Ukko-pekka Ab, serving

about half of the customers booking through the website. The customers which are booking services from Herrankukkaro Ab are mainly business groups. The services of Herrankukkaro Ab can be booked all year round for groups of minimum 10 persons.

The Steamboat S/S Ukko-pekka Ab operates two types of services:

- Cruise and route transport services with one main company owned boat, the Steamboat S/S Ukko-Pekka during summer months.
- A family run restaurant and café Vaakahuone in the shore of River Aura. Vaakahuone is open on summer months, when all the coastline is busy with tourists and locals. In Vaakahuone in addition to the bar and restaurant services, the company offers one hundred Jazz concerts during the summer season.

The main tour and cruise services offered by Steamboat S/S Ukko-pekka Ab are:

- The dinner and entertainment cruises arranged to sail to Loistokari, “Shine Skerry”, a small rocky island, where the owners of the island have arranged a barbeque and dancing on the dock, with live music. The Steamboat S/S Ukko-pekka Ab offers dinner and live music on the way on board.
- Dinner cruises from Turku to Airisto and Naantali in the archipelago. The boat serves dinner and live music or other entertainment on the way.
- Day time route cruises from Turku to Naantali on 5 days a week, two times a day.
- Theme cruises: Mother’s-day cruise and musical theatre cruise, including dinner and entertainment.
- Private tours for groups to visit Herrankukkaro or Loistokari by Steamboat S/S Ukko-pekka

The business model of the Steamboat S/S Ukkopekka Ab is presented in the Business Model Canvas in Figure 5.

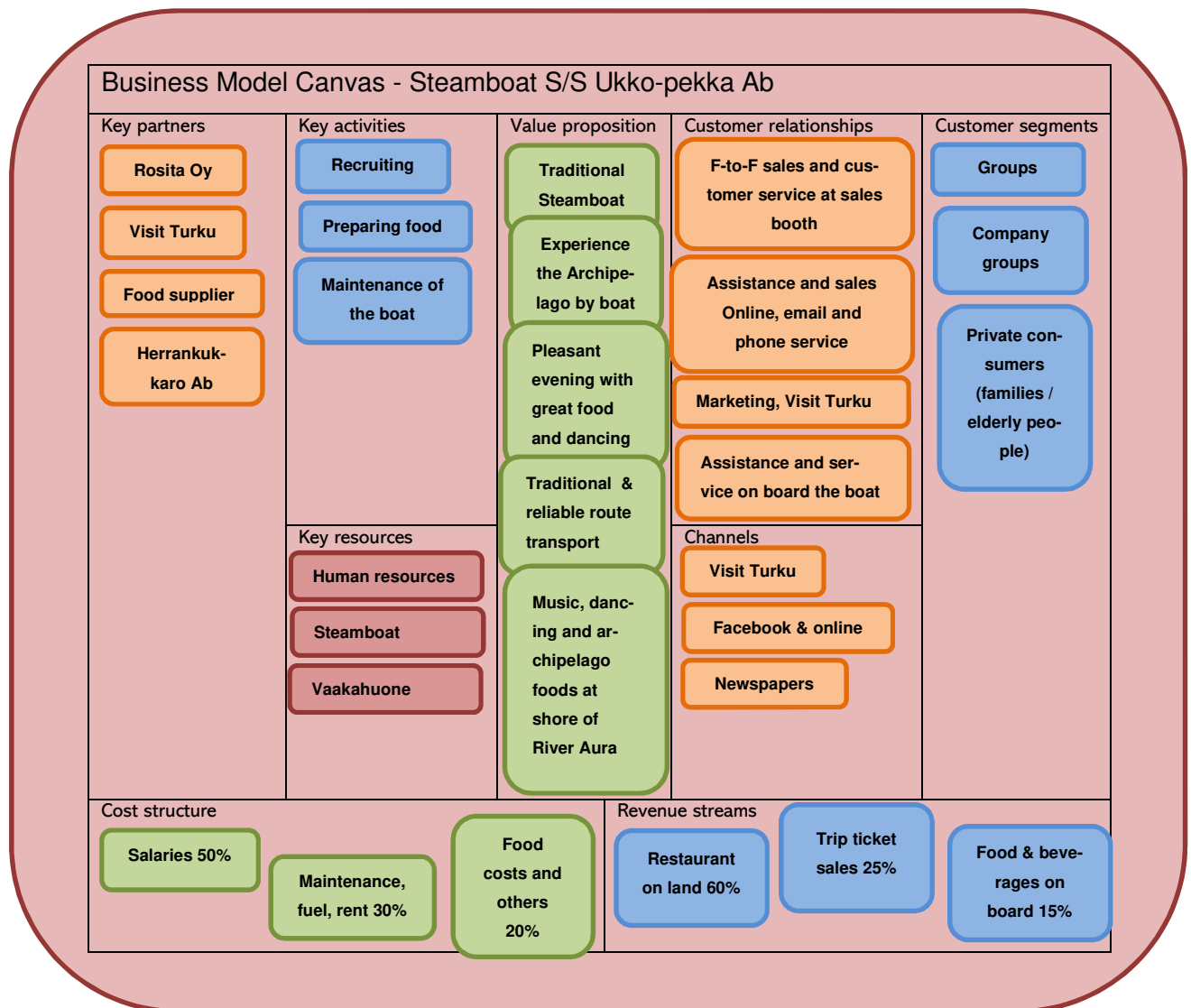


Figure 5. Business model canvas of Steamboat S/S Ukkopekka Ab

Customer segments and service design

From the service design perspective, the services of Steamboat S/S Ukkopekka Ab are arranged to cater three customer segments: the private groups, company groups and private consumers (families, elderly, couples). The core services of cruises and dinners are homologous to provide for all customer segments but can easily be modified with added services to match the needs and expectations of the different customer segments. The evening dinner cruises and cruises to Loistokari are specially designed for groups, elderly and adults in general and the day trips to Naantali appeal more to families with children. The infrastructure of the Steamboat S/S Ukko-pekka Ab is efficiently organized, since the Vaakahuone restaurant is in the same location as the company offices and S/S Ukko-pekka docks right in front of the office and restaurant. The nearby location makes it possible to provide food and beverages relatively easily and with low-cost for the

cruises by making request to the restaurant, where the food is delivered, prepared and stored.

Channels and customer relationships

The marketing and sales are also efficiently organized with Herrankukkaro Ab, through the same channels. The services for all customer segments are found under one company name. Customers can easily navigate to find information on different services available via Facebook account and through one website. The company will tailor also service packages for groups and families by request. In addition, the company services are marketed by the local Visit Turku travel agency, and customer relationships are maintained by friendly and helpful service when booking, empathetic service on board and by marketing through social media and emailing the customers via mailing list.

Key partners

In the BMC we can see, that Steamboat S/S Ukko-pekka Ab nominates their key partners to be Rosita Ab, Visit Turku and Herrankukkaro Ab, with one key supplier, the food supplier. The Steamboat S/S Ukko-Pekka Ab is marketing services through Visit Turku marketing and co-operates with Rosita Ab to lend vessels. In the event of full bookings on the cruises of S/S Ukko-pekka Steamboat, the company lends Rosita Ab's vessels. The Herrankukkaro Ab is named as key partner, because the services of Herrankukkaro Ab and Steamboat S/S Ukko-pekka Ab are all offered through the same website and the companies operate in close co-operation to cater to all needs of the customers reached through the website.

Value proposition, customer's expectations and differentiation

The customer's expectations from S/S Ukko-pekka Ab are divided to the expectations of the Vaakahuone restaurant and musical entertainment and to expectations from the cruises on Steamboat S/S Ukko-pekka. From both services the customers expect a nice time, entertainment, and experiences of the archipelago in the means of tasty food and location. In the interview, the owner of the business, Kari-Oskari Kangas, named as one of the customers main expectations from cruises on S/S Ukko-pekka to be the experiences of the archipelago, the trip to Loistokari and generally a nice experience. The service offering offers customers a Value proposition of a unique archipelago experience on the traditional Steamboat, and a fun day or an evening with good food, music and entertainment on a scheduled trip.

The services are differentiated by offering cruises on the specific vessel type, the traditional Steamboat S/S Ukko-pekka, which is the only steamboat operating in Turku. Kangas (2018) described the company services differentiation and pricing as: “Though we offer service on a higher price, we are different and that appeals on customers.”

Key activities, resources and customer's expectations

Kangas (2018) named as main key activity of Steamboat S/S Ukko-pekka Ab the efficient recruitment of capable staff to ensure the best quality of customer service. The company nominates the human resources, the company employees, as their main key partner and most critical resource, as all offered services are provided by the company's own personnel. The other key activities of preparing food and maintenance of the boat ensure ability to offer the promised core services. Reliability of providing the agreed core services at the right time is what the customers expect from a service, for the service to be adequate in the means of service quality. To reach the service quality of a desired level, the service provider must offer something beyond the customers lowest expectation, predicted service. To reach this desired level of satisfaction the service on board needs to be empathetic, catering to the single needs of customers and offer something beyond the adequate level, the one what customers expect that it “should” be. The Steamboat S/S Ukko-pekka Ab relies on pursued excellent service on board by staff, interesting entertainment and the uniqueness of the S/S Ukko-pekka Steamboat, Loistokari and the archipelago to reach the desired level of service.

Cost structure and revenue streams

As a main key resource and service producing force the company personnel, the human resources, generate the largest costs for the company. Over 50% of company costs consist of recruitment costs, salaries and other employment costs. The second largest cost group, about 30% of all company costs, are the maintenance and fuel for the steamboat and rent costs of Vaakahuone. Least of costs are the food and beverage costs, only about 15%, compared to other large cost groups. For revenues the main income streams are generated by the restaurant on land, about 60%, and trip and ticket sales generate 25% with 15% of food and beverage sales on board the steamboat.

As compared to procurement costs of only 15% of all costs spent on foods and beverages, the restaurant services and sales of food and beverages generate altogether 75% of all revenue. 60% of revenue is generated by operations of Vaakahuone of preparing food, customer service and by providing the customers entertainment around the offered foods and beverages. The sales of food and beverages would seem to generate more revenues for the company, than the tour and transport services alone, 40% of all revenues. Offering both services is beneficial to the company in the manner of reducing costs of operating the Steamboat S/S Ukko-pekka tour and transport services alone, since providing the food & beverages from the restaurant facilities reduces costs.

The operations of the restaurant, as supporting force to the transport and tour services, can secure revenues for the operator, even in the case of a breakdown of vessel or in case of decreased demand. The owner of the company, Kangas, commented in the interview that the demand for the traditional Steamboat S/S Ukko-pekka's tour services is quite stable and lasts from beginning of season all the way to the end, but as Finnish schools begin in August, the demand ends rapidly. As key factors to bringing the customers to the seasonal services Kangas stated to be the continuousness and reliability of the services. This answer, reliability of services, matches the expectations of customers in the research about customer's expectations. Kangas (2018) stated that the continuousness is another main expectation of customers, as many smaller operators start on the field, offering transport services, but are unable to continue, because of the changes on demand and for lack of differentiation and revenue supporting services. Kangas also noted that with a covered boat like S/S Ukko-pekka the weather rarely affects the demand as the customers are inside the vessel and are entertained regardless the weather.

7.3 Rosita Ab

Rosita Ab is a family owned business, owned in half by Eivor Jensen and Stefan Jensen. The company operates route transport and charter trip services on four boats of different sizes in the archipelago near the city of Naantali, to cater the needs of groups and private customers during the summer months.

The main services of Rosita Ab are:

- Daily route transfers to Vepsä recreational outdoor island, which is owned by Turku city, on their vessel M/S Lily
- Daily route transfers non-stop during summer months to Moomin world and to Väske adventure island on their vessel M/S Marina
- Next to the daily scheduled routes Rosita Ab offers charter services on the company boats by request
- Charter trips to a private Pikku pukki's island lace villa restaurant

Rosita Ab owns three vessels:

- The M/S Lily is a cruise boat with capacity of 140 people inside with restaurant décor and abilities to serve food and a bar with a liquor license. The main services operated by M/S Lily are the daily routes to Vepsä island 3 times a day and charter cruises by reservation. The charter cruises on M/S Lily can include foods and drinks by customers request and are marketed for business and private events.
- M/S Marina is a waterbus with capacity for 50-80 people and operates mainly the route transports to Väske and Moomin world islands but can serve charter cruises when available from route transports.
- M/S Rosita is a traditional sail boat and operates only charter cruises by reservation.

The business model of the Rosita Ab is presented in the Business Model Canvas in Figure 6.

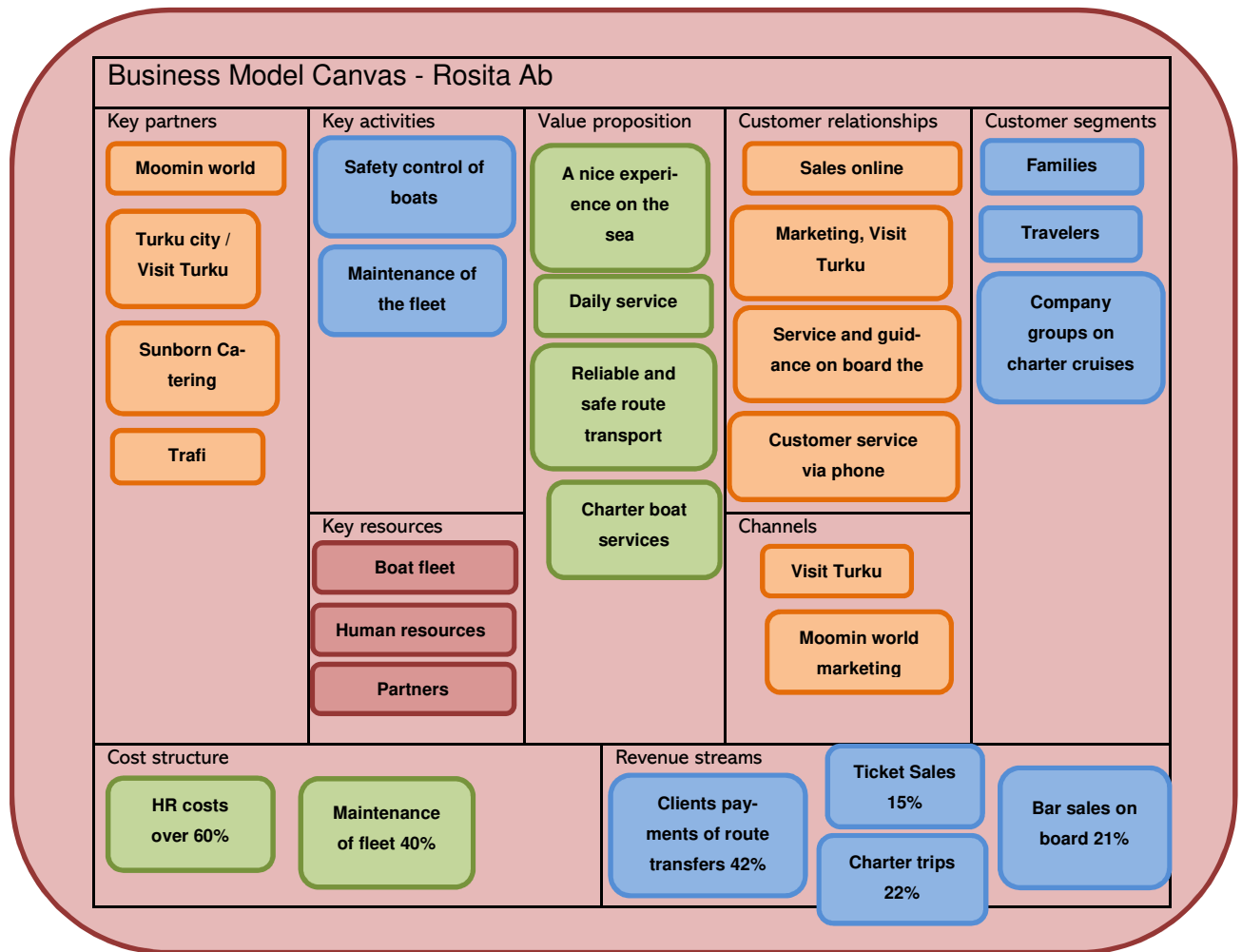


Figure 6. Business model canvas of Rosita Ab.

Customer segments and service design

The Rosita Ab has clearly decided to serve the markets by offering as their main service the route transport services to the Moomin world and adventure and outdoor islands by company boats. The transport services are designed to cater to needs of the service clients Turku city and Moomin world and their customers, private people on a day trip to the archipelago. The waterbus M/S Marina only transports customers to destinations, but the M/S Lily serves beverages and snacks on the way to destination, generating revenue from the bar along with the ticket sales for the transfers. To fill in the gaps in demand of route transfers, the company offers as secondary services charter cruises by reservation for groups in the archipelago and day trips to Pikku pukki's islands traditional lace villa restaurant, which is open on reservation only. The charter cruises are designed to cater the needs of private groups and business groups. The charter cruises can be planned and combined of services in any way the customer requests, the routes, food, beverages,

even program can be arranged according to customers wishes and the Pikku pukki's restaurant villa is available for weddings and birthdays on the island.

Service design and differentiation

From a service design perspective, the core transport services of this company are homologous to provide, and they can be easily modified to cater to different needs of the customer segments by adding in extra services. Rosita Ab has differentiated the company services by offering mainly route transfers and especially scheduled and safe route transfers for private consumers to reach family-oriented destinations in the archipelago. In the interview, the company owner, Eivor Jensen, stated that they have branded their route transport services to be "Safe and reliable". Offering the customized charter services in addition to route transport services enables catering a wider range of customer segments, adding the business groups and private groups to the customer segments of the company.

Key partnerships

Jensen named as Rosita Ab's key partners the transport service clients, the Moomin world and Turku city. The clients have purchased the transport services for the routes from Rosita Ab and are named key partners, because in addition to the revenue generated, they offer Rosita Ab also the demand for transport services to the destinations and arrange marketing of the transports to their destinations. These partnerships are beneficial to Rosita Ab, but the clients are also crucial partners, since they enable Rosita Ab to generate profits from providing the service, because if the islands ended operations, Rosita Ab would have no demand for route transport services. Other important partners for Rosita Ab are Trafi, the Finnish Transport Safety Agency, because Trafi regulates and supervises the safety of the vessels and a Sunborn Catering, which provides the food for charter cruises by request.

Key resources, activities, channels and customer relationships

The clients are crucial partnerships for Rosita Ab, as they act also as key resource and one of the main channels to the company. Without the partners operations Rosita Ab would have the other key resources the boat fleet and human resources operating the route transfers, standing with no demand, thus Rosita Ab would be unable to generate profits from providing the service. From a service design perspective, the Rosita Ab has engaged in very useful partnerships, as the use of personnel, marketing and demand for transport equipment are largely arranged by the clients. The only key activities left to

perform are the maintenance of the boat fleet and operating the transports. The services of route transfers are very local and operate in close co-operation with the partners and their islands, in the means of ticket sales and marketing. In addition, to the main channels of sales and marketing the Visit Turku of Turku city and the Moomin world, the company only sells the services through their website, email and phone. Jensen stated that “there is no need to do any marketing, because the clients lead customers to us and customers know us after operating for 33 years”. Customer relationships are maintained by Rosita Ab through email, phone and ticket sales booths and by excellent service on board the vessels.

Value proposition

The value propositions of the route transports and charter services are different. The customers of route transfers expect a value proposition of a safe trip in the beautiful archipelago as result to reaching their final destinations on schedule. To provide a desired level of service Rosita Ab relies on well-maintained vessel equipment and excellent customer service on board. According to Eivor Jensen, on the scheduled route transport services, the safety and reliability are the main factors of influencing the customer satisfaction on the transport service. The charter services promise a value proposition of a pleasant cruise in the beautiful archipelago with possible event arrangements and added services like food and a reserved villa restaurant or a custom designed tour in the archipelago. Along with offering the customers correctly timed and agreed service reliably, to reach the desired level of service Rosita Ab offers a variety of possibilities for customization of their charter service. The customers can practically self-design by request the charter trips on available vessels, to meet their needs and expectations.

Costs and revenues

The cost structure of the Rosita Ab is very simply divided into human resource costs of 60% and fleet maintenance costs of 40%. The company revenues are generated mainly by the route transports payments from clients, 42%, ticket sales 15% and bar sales on route 21%. Only 22% of revenues are generated by sales of charter trips.

From the basis of the revenue streams can be concluded that the main services of Rosita Ab are the route transfers, because they generate almost $\frac{3}{4}$ in total of the company revenue. 42% of all revenues is paid by the clients for the route transport services. The ticket sales are generated by route transfers to Vepsä and bar sales are the total sales

through the bar during route transfers and charter trips. The charter trip sales generate revenue and utilize the boats, when they are free from the route transports.

Rosita Ab operates only on summer months, since the adventure island of Väsä, the Moomin world are only open in summer and the transports to Vepsä outdoor recreational island end at the end of August. The demand for the services of Rosita Ab fluctuates by weather, because customers prefer sunny weather rather than rainy for their outdoor activities and family trips. Rosita Ab takes no action to respond in fluctuations in demand, because the clients pull customers to the islands steadily all summer. The route transports are sailed on daily schedules, only with less customers on board and possibly with a few less shifts, if there are absolutely no customers. Customers' expectations are maintained by offering the service reliably on schedule and safely to destinations. The reliability has been noted again as a key factor in providing services in a way that they meet customer's expectations. The special strengths of Rosita Ab in the markets are the partnerships and route transport operations, since they provide the company its main revenues and marketing along with it.

7.4 Rosala & Bengtskär booking office, Rosala Viking centre Ab

Rosala & Bengtskär booking office is a family owned business divided into two separate companies, the Rosala Viking centre Ab and the Bengtskär Ab. Rosala & Bengtskär booking office is under management of Rosala Viking Center offering different tour and service packages which include the Rosala Viking centers theme-branded trips, menus, programs and accommodation packages with trips to Bengtskär lighthouse and transports to other sights in the archipelago. The Rosala & Bengtskär booking office operates in close partnership with all other operators in the area, including hotel services, charter boats, natural reserves and local authorities and offers full packages including all services in the area. The services are designed for business groups, history enthusiasts, student groups and private customers.

Rosala Viking centre Ab is offering the following self-produced services:

- Viking themed services: guided tours, accommodation, menus, activities and programme.
- On the Rosala island the company offers a Viking museum & village and archipelago café, restaurant and accommodation services.

The Bengtskär lighthouse has been transformed into a hotel and is maintained by the Bengtskär Ab. The Bengtskär lighthouse is in the possession of Finnish National board of Antiquities.

The partners services, sold in co-operation with partners, by the Rosala & Bengtskär booking office are:

- Accomodation services
- Charter trips and transports to destinations in the archipelago
- Viking themed and locally produced products in the Rosala Viking Centre
- Bus transports

The services are sold in service packages, mainly in combinations of the services of Rosala Viking Centre, Bengtskär lighthouse and the partners services. Some of the services organized by the Rosala Viking centre are available all year round but the Bengtskär lighthouse is only open during summer months and access to the lighthouse is sometimes disrupted, because of hard weather conditions far out on the sea. The changes of seasons nonetheless also affect the services of Rosala Viking centre, as the services are mainly used only by student and business groups outside the summer holiday season. Rosala & Bengtskär booking office offers tour packages to similar customer segments as the other case companies but in a different scale, since the packages can include services and program for up to a week or even more.

The main service packages offered by the Rosala & Bengtskär booking office are:

For private customers, families and groups:

- The Archipelago HopOn tour, including transports to Kemiönsaari, visit to the Viking centre and the Bengtskär lighthouse, lunch, guided tours and cover fees on sights.
- Day trips to Bengtskär, or Bengtskär and Viking centre together or Örö-fortress island.
- Accomodation packages for 1-3 nights in Bengtskär, Örö and Viking centre including day trips to cover all sights.
- Viking themed activities, programmes, museum, Viking village, cafe and a restaurant available in the Rosala Viking centre.

For groups only:

- Round-trips by bus in the archipelago, covering various interesting sights on land including ferry transfers and snacks.
- Boat trips to visit Bengtskär, Örö and Viking centre or around the archipelago.
- Business meeting packages to Bengtskär or Viking centre including transports, guided tours, cover fees, accommodation, sauna, breakfast, menu's and well-equipped conference rooms.
- Event packages: weddings, birthdays etc.

For school groups:

- A Viking themed of history focused camping week of 1-5 days for school groups. Includes meals, accommodation, Viking and history themed workshops, activities, program, and guided tours and visits to Bengtskär, Örö, Viking centre, sailing, nature walks and tours, visits to other sights and can be combined as requested.

The interview was conducted with the owner of Rosala Viking centre Ab, Paul Wilson. He explained that the two companies are managed together, by the family, who owns the businesses. Under the name Bengtskär Ab only the hotel services and maintenance of Bengtskär lighthouse are operated but Rosala Viking centre Ab is operating rest of the business including the booking office, which operates as an office to sell all services and manage both businesses. The Rosala & Bengtskär booking office is referring to the full business in the area run by the family. The BMC model is presenting the operations of the Rosala & Bengtskär booking office, specifically under the company name Rosala Viking centre Ab, not including the costs of maintenance and operations of the Bengtskär lighthouse and hotel.

The business model of the Rosala Viking Centre Ab is presented in the Business Model Canvas in Figure 7.

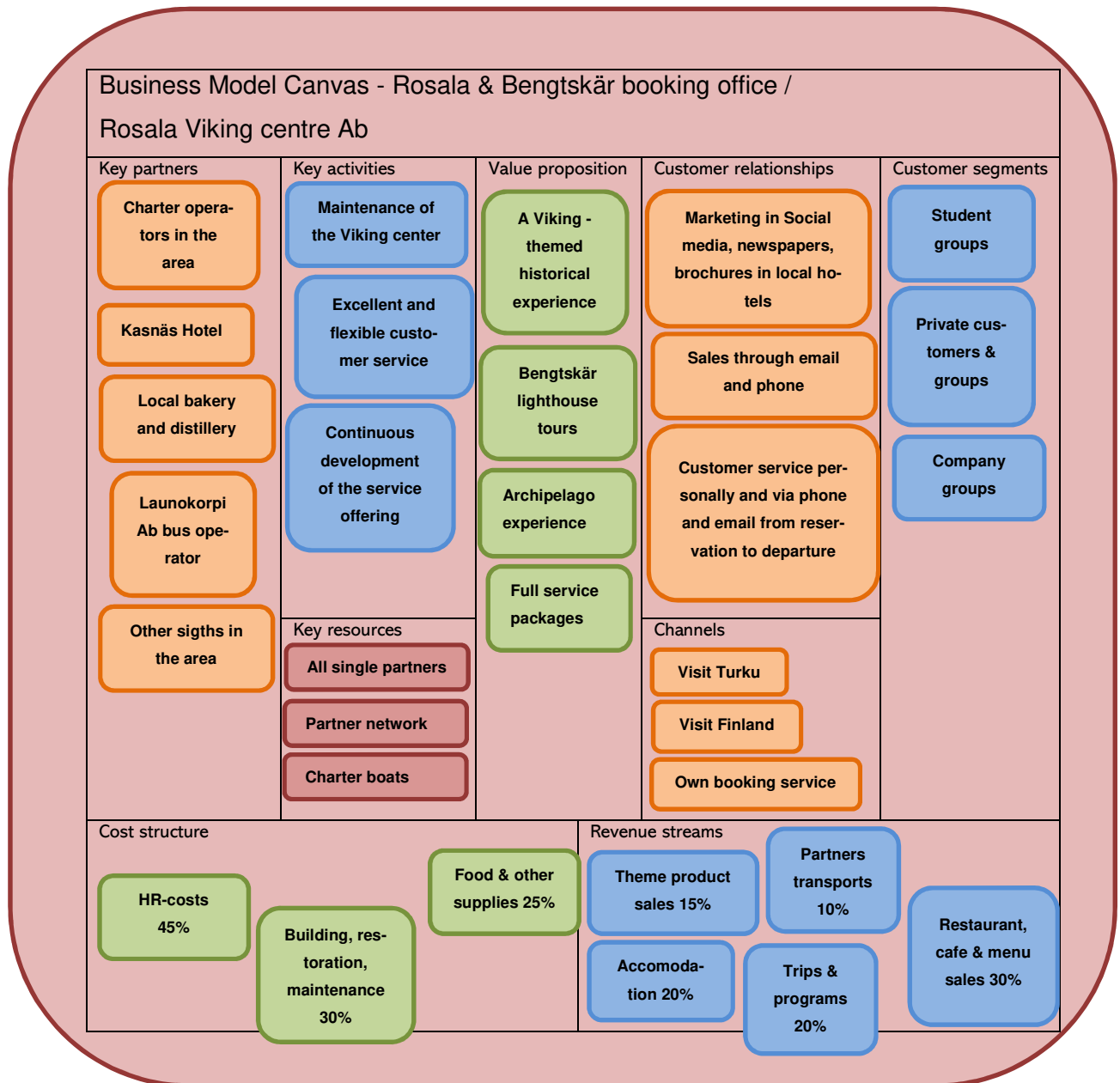


Figure 7. Business model canvas of Rosala & Bengtskär booking office.

Service design perspective and differentiation

Rosala & Bengtskär booking office is operated to provide customer service and for mapping needs and expectations of customers and to combine packages to cater to their expectations. The service packages are relatively easy to customize from a wide selection of offered services to match the specific needs of families, business groups or wedding parties. The specific transport, accommodation and other services and programmes are offered as they are, but combination options make all the difference, without forgetting that the trip, menus and programme options to choose from are designed to appeal

many customer segments as they are and can be customized to fit a business group or a group of children. The services and tours of Rosala Viking centre Ab and Bengtskär Ab are differentiated from other archipelago tours by the theme of a historical Viking centre and unique sights in the archipelago. The island has been a historically important Viking merchant's hub in the 14th century, for its easy access from the sea and relatively easy access from mainland. Over 1000 pieces of historical tools and other objects left from the Viking times has been recovered on the islands and they are displayed in the Rosala Viking centre museum. The other destinations in the area are also unique, the Öro-fortress island is still in use and a beautiful sight in the archipelago and Bengtskär is the tallest lighthouse in the northern countries and protected by the Finnish National Board of Antiquities.

The people, communications and infrastructure of the Rosala & Bengtskär businesses are efficiently organized to be managed as a full-service ensemble for most customer segments, although customers are allowed to visit the Viking centre and other destinations also independently e.g. the Rosala Viking centre, museums, restaurants, café and Viking village are open to visitors. The people, communications and infrastructure are all managed through the booking office and by staff to operate as an all-inclusive service ensemble. The operations of the service provider partners are supervised by the booking office in order to provide excellent quality of service to the customers.

Customer relationships and value proposition

The customers of Rosala & Bengtskär are promised Value propositions of beautiful archipelago sights and tours on a daily schedule with added services and the Viking stories and experiences in the historical environment of the Rosala Viking centre and a merchant's hub. The customers expect reliability of service schedules, guidance and customer service relationships next to the tours, sights and Viking stories and experiences. The expectations of different customer segments are maintained by the service package customisation and by excellent customer service available at all times, from booking phase, to visiting the destinations and until departure personally, via phone and email and through the website and by partners. The pre-arranged programmes are even changeable and flexible from the company side, since if the group or visiting family wishes to change schedules, it will be arranged. The Rosala Viking centre booking office owners have invested to human resources to provide excellent and flexible service for all customers beyond their expectations, because they recognize the value of service and rely on the forwarded knowledge and experience of customers to spread good image

of the Rosala & Bengtskär. All-inclusive packages and close co-operations between partners in the area are part of this excellent service and the customers are provided guides and staff members available at most times. The customers' expectations are met by providing the agreed services in customised packages at the right time and as agreed. The excellent and flexible service at all times ensures Rosala & Bengtskär to reach the level of Desired services. The owner of Rosala Viking centre, Paul Wilson, pays attention to the importance of realistic pricing of the services, as the competitors services in theme services and the archipelago are easily over-priced and will not ease the decision-making process of customers to travel to the archipelago. Defining realistic prices for the offered services appeals to customers in all segments.

Key partners and channels

The Rosala & Bengtskär booking office operates in close co-operation with all services in the area and Paul Wilson nominated as their key partners all partners; local producers, charter boats, Örö-fortress island and local hotels and other services, because this type of business model operations require all participants to play their role in the service combinations to enable delivering of the Value propositions. New customers are acquired through marketing in newspapers and social media and the Rosala & Bengtskär has provided brochures to the hotels and other destinations in the area. Their main channels to delivering and marketing the services are the Rosala & Bengtskär booking office and travel agencies Visit Turku and Visit Finland. Visit Turku and Visit Finland provide information and book tours through their own printed material and on websites.

Key resources and activities

Paul Wilson of Rosala Viking center Ab named the partners also as key resource for Rosala & Bengtskär and not just partners, but the network as whole. The company would be failing to offer Value proposition of the service packages in the cases of failing to offer transports, trips to the agreed destinations or any piece of the offering. As key activities Wilson named the excellent and flexible customer service, because in the case of weather restrictions to reach the Bengtskär lighthouse or in the case of other problems with the package combinations, the excellent service and fast action will ensure the satisfaction of customers. If the trip to Bengtskär has to be cancelled, an acceptable program can possibly be arranged to replace the original tour. The activity of excellent customer service play's a huge role in the archipelago, as customers could easily be disappointed with the cancellations of trips to Bengtskär lighthouse or in the archipelago due

to weather conditions. The customer service in case of bad weather, will inform the customers with bookings about the weather forecasts and will offer options to reschedule the trip or even cancel if the customer wishes so, with full refund. This will ensure the desired level of service and most likely the customers will visit the Rosala & Bengtskär some other time with better weather conditions. Other key activities for Rosala & Bengtskär also include the maintenance and upkeep of the facilities and the island infrastructure, but as even more important key activity Paul Wilson named the continuous development and renewal of the trip packages, programs and activity selection to maintain the interest and expectations of the former customers to lure them back to enjoy new services, programs and activities and “never to become complacent with the services and products offered”.

Cost and revenue structure

The costs for Rosala Viking center Ab are generated mainly by human resource costs, about 45%, and maintenance, building and restauration of the island 30%. Only 25% of costs derives from procurement of supplies and food for the island. Revenues are generated quite evenly by all offered services. The accommodation services generate 20%, the product sales 15%, trip & program services 20%, food sales 30% and revenues from offering partners transports generate 10% of revenues.

Rosala & Bengtskär relies on the pursued excellent customer service in providing the customers the promised value proposition and the desired level of services. Managing the customer expectations and preparing in advance to possible events is crucial in the archipelago, since the weather conditions can change unpredictably, and the customers expect a safe, reliable and beautiful archipelago experience. The service packages of Rosala & Bengtskär include long transfers between Örö and Rosala islands and Bengtskär lighthouse and co-operation with suitable partners needs to work seamlessly to ensure a pleasant experience. The partners operations are supervised by Rosala Viking center Ab to ensure required level of service. The company has efficiently combined service packages to meet expectations of several customer segments with different expectations and manages operations efficiently through the booking office and customer service. Co-operation between all partners is crucial to this type of service combination but it also benefits the partners and the area businesses simultaneously.

The cost and revenue stream structures describe the importance of the customer service for all parts of the service packages, since the human resource costs are the main cost

of the company being 45% and the revenue streams are quite equal from different service groups, sales of food, sales of accommodation, sales of products, sales of trips and programs and from offering transports. To support all these sales the 30% of costs go to upkeep of the island in Rosala Viking center and the last 25% of costs comes from procurement of supplies and food.

Changes of seasons effect the demand of services of Rosala & Bengtskär and that is why the services are divided into 3 different seasonal services. The spring time is most popular season for the student groups' camping week bookings and the service packages offered in spring focus on workshops and other activities in the Rosala Viking Center and island, with tours to archipelago when possible. The summer season services for private customers are not available during spring or autumn season. In the summer season all services are offered to all segments by request, but the summer service offering focuses on the private travelers, families and wedding and other event parties. The autumn season is most popular with the business groups segment, but school groups and history enthusiasts create demand in the autumn. Dividing the service offering into seasonal service offerings, eases the management of staff, infrastructure and communication in the company and guides the staff to focus on certain activities. During the busiest summer season, the company focuses on serving the customers but during other seasons they run simultaneously maintenance, restoration and building projects on Rosala island, which helps to secure employment of some of the company employees all year round. The Rosala & Bengtskär have efficiently utilized the other operators in the area to create an appealing service combination to cater to a variety of needs of customers. Offering such a variety of services through one channel makes it easy for a customer to book a trip to a destination far in the archipelago.

7.5 Summary of the case companies

All the case companies have been operating on the field for years and are family businesses. In 2 cases out of 3, the original companies have been divided into 2 different companies to separate operations to cater for needs and expectations of different customer segments, or to specialize on a specific business or service to serve a specific segment. The Rosita Ab operates also in sort of divided manner, because they offer route transports as their main operational field but offer also charter services and trips to fill in gaps in demand for route transports and to utilize equipment.

All case companies offer some seasonal services restricted to summer season only and have found ways to respond to challenges of seasonal demand and weather conditions. The companies differ from each other in some ways by differentiated service offering, but when analyzed in a big picture, all case companies operate and offer several different seasonal services to several customer segments trying to utilize the resources most-efficiently and fill in gaps in demand. All companies offer services in the archipelago environment and experience some changes in demand due to changes of season or weather conditions. The companies are also offering a selection of services through one service channel, the company website, or a booking office. All case companies have created service packages, based on core services, which are easy to modify to fit different customer segments by adding other services into the service packages. In addition, all the company owners had recognized the importance of the continuousness and reliability of the services and of excellent customer service, in ensuring desired or at least adequate level of service and customers satisfaction.

All companies differ from each other by the type of offered services or by scale of offered services. There are differences also in the arrangements of marketing and sales. The Rosala & Bengtskär combined business differs from Steamboat S/S Ukko-pekka AB and Rosita Ab drastically, because the scale of service offering is wider, and the core services produced by the business are different. Steamboat S/S Ukko-pekka Ab offers only restaurant and tour services on Steamboat S/S Ukko-pekka and Rosala & Bengtskär offer a wide selection of different kinds of services from accommodation to programs. Rosita Ab operates route transport services to serve clients and has been able to reduce costs in marketing, since the clients are marketing their own services. The other case companies Rosala & Bengtskär and Steamboat S/S Ukko-pekka Ab have arranged their sales and marketing in similar manner, since both offer a variety of services through one website and cater to needs of several customer segments. Their channels are quite equal all the way, since Visit Turku forwards their services and they market in social media.

Compared to other case companies of this thesis, Rosala & Bengtskär operates in larger co-operation with other service operators and does not own transport equipment, however, the company offers packages including the transport services, which are provided by partners. Rosala & Bengtskär operates about a half of the offered services on the Rosala island, but offering the services is largely based on the archipelago tour packages, which are appealing to customers.

8 Conclusions

The archipelago as an operational environment offers a relatively busy market to service providers during the summer season. Regardless the changing weather conditions and other challenges in operating the seasonal services in the archipelago, the case companies studied in this thesis, are able to offer seasonal services successfully. The customers expect from the seasonal services in the archipelago reliability and continuousness of services. Based on the interviews of the case company owners the continuous development of services, offering customizable service packages and excellent and flexible customer service through the whole service process can assist in reaching the level of desired service.

Based on the interviews conducted for this thesis and the case company analysis, the writer has concluded that companies which are operating other services in addition to seasonal transport services, have a better starting point to offer seasonal services reliably and continuously in the archipelago environment, than a company operating only charter services. An operator only offering charter services can experience heavy fluctuation of demand due to changes in weather conditions. A company, which is offering only transport services, can secure stable revenues by operating daily route transport services and offer some charter services in addition to the other services, like in the case of company Rosita Ab. The writer has also concluded that any other business or service generating stable revenue continuously, operated together with seasonal transport services, can help to secure continuous and reliable revenues for the company or can help to reduce the costs of operating the transport services, based on the company analysis. The other businesses operated in addition to transport services can assist to secure revenues of the company also in the case of vessel breakdown or other disruptions. The continuous and reliability of services also enables customers trust on the availability of the services.

In the case companies of this thesis, offering a variety of services to a few specified customer segments through one channel seems to operate as an efficient marketing channel to reach customers in all segments. Offering many different services eases the customization of service packages to better cater to customer's expectations and needs. In the businesses of the case companies of this thesis, offering a variety of services is based on partnerships and co-operation between two or more businesses. It seems, that

the most suitable business model to the archipelago environment would be the kind, which is based on partnerships and co-operation.

All the case companies of this thesis stated to direct funds on human resources and to pay attention on the quality of customer service. In all case companies, the largest costs were generated by human resources. One of the case companies named as their key activity the recruiting of the best and most reliable and competent staff at the beginning of summer season, to ensure providing best possible service to its customers. Sufficient funding of human resources and paying attention to the quality of customer service seem to be key factors in operating seasonal services successfully.

The challenges caused by changing weather in the archipelago, were overcome by the case company operators in two main ways. The Steamboat S/S Ukko-pekka Ab operates cruises on a fully covered vessel, where entertainment and food are served inside the vessel during the cruise in cabinets, this way the weather does not affect the customers. Rosita Ab has taken no specific actions regarding the changes in weather, though on a rainy day the demand for services decreases, as the route transfers of the company are operated reliably on schedule anyway. Rosala & Bengtskär businesses contact their customers in advance to warn them about possible cancellations or tours to archipelago. The customers are offered possibilities to cancel booking with refund or a replacement program can be arranged by the Rosala Viking center. There are no ways to affect the weather, but the challenges can be overcome with efficient organizing of infrastructure and empathetic customer service to ensure customer satisfaction.

General lengthening of the holiday seasons in Finland would also lengthen the seasons of the tour and transports service businesses. To tackle this challenge of decreasing demand at the end of summer season in the archipelago Rosala & Bengtskär are offering the Rosala Viking centre-, accommodation- and tour service packages to school and business groups also during spring and autumn seasons. Categorizing services into different seasonal packages to meet the needs of even more possible customer segments, seems to enable lengthening the service season by the means of businesses' own operations.

In general, the writer of this thesis concludes based on the research and the company analysis of this thesis, that the case companies have organized their operations on the base of co-operation and partnerships and a wide customizable service offering to cater

to expectations and needs of customer segments. The companies seem to invest in good quality of customer service to ensure the satisfaction of customers on their services and this would seem to be the key to offering seasonal services successfully in addition to offering many types of services. The changes of seasons and weather do not seem to affect the businesses in such measures, as the writer had anticipated in the beginning of the research, since the case companies of the thesis handle the challenges caused by weather by organization of infrastructure and customer service.

For the Espoo archipelago area and Rantaraitti coastal area, the writer of this thesis has made suggestions, on how to manage the challenges in offering seasonal services and tour and transport services. The differences in the operational environments between Espoo and Turku areas are the sizes of specific market areas, the water depth of archipelago and the number of competitors offering on-water and archipelago services in Espoo. The service offering in Espoo Rantaraitti and archipelago is not sufficient to satisfy the demand of the area and the services available are very few compared to Helsinki and Turku archipelago.

The city of Espoo had adduced interest to finding operators to operate charter/taxi-boat services and collective-use transport modes in the Espoo archipelago. The writer of this thesis suggests that if there is also demand for other services in the area, the city of Espoo could try to find ways to support the operations and market entry of companies, which would in the future operate two types of services: e.g. transport or restaurant services in the area and in addition offer taxi-boat services or collective-use transport mode services in the archipelago. This type of companies could most likely offer the services reliably and continuously, since an operator offering only transport services in an environment where the demand changes constantly, might be challenged or even unable to secure continuous operations or employment, due to changing demand and uncertain revenues. Service operators offering something like program, accommodation and restaurant services, guided tours or any services directed to travelers and to the selected customer segments, could also increase the overall appeal of the specific Rantaraitti and Espoo archipelago areas. The city of Espoo could support the market entry and operations of the companies by e.g. marketing the services in websites, or by organizing events in the area, where the new services could get visibility.

The depth issues in Espoo archipelago, from the perspective of tour and transport operators, could be handled by operating water busses and smaller charter boats in the shallower coastal area and operating possible cruise vessels with deeper draught in the deeper boat lanes of the archipelago. The size of a specific market area only restricts the number of local customers. Though, all locals are not potential customers, many travellers can be. The tour and transport operators in Turku offer almost half of their services for business conference- and meeting groups. Since travellers and business groups stay overnight in the Espoo hotels and metropolitan area is the headquarters to many large business organizations, adding services in Espoo archipelago and Rantaraitti can possibly increase demand for tour and transport services from this business traveller customer segment, in addition to the local businesses demand. The recreational islands offer possibilities to relaxing and rewinding after business meetings and for travellers, the archipelago offers beautiful views and archipelago experiences. The Rosala & Bengtskär of the case companies had arranged their marketing exemplarily to reach all hotel customers in the area by offering service brochures in the hotels. That is why the writer of the thesis suggests, that if Espoo begins to offer tour and transport services in the area, should one of the service marketing focus customer segments be the hotels and business organizations, to reach the potential customers.

The last suggestion, from the writer of this thesis to Espoo, is based on the example of Rosala & Bengtskär's co-operation between all partners in the area. The services are offered through one channel and the Rosala Viking center Ab is supervising the partners operations to ensure seamless co-operation between partners and to ensure excellent quality of customer service. Espoo could try to find ways to promote co-operation between the possible partners operating in the area in the future and try to find ways to supervise and manage the co-operation and the service quality in cases of partnerships. There could be one operator in charge of the management, supervision and development of co-operation and the service quality, which could at the same time operate the sales of service packages.

Out of the service offering of the case companies of this thesis, the tour and transport services, similar to services of Steamboat S/S Ukko-pekka Ab; restaurant services and dinner cruise services by steamboat, could be the most suitable to Espoo Rantaraitti area, since the offering of similar services in the area from the basis of this research is small. The dinner cruises could be operated by a smaller vessel in Espoo archipelago. Rosita Ab's type of business model, offering transport services and a charter services,

would work in the archipelago if there is enough demand for more transport services in route transfer markets. The theme differentiated types of services, like the services offered by Rosala & Bengtskär booking office and Rosala Viking center, could also be suitable to Espoo Rantaraitti, because they would offer entertaining program and an interesting destination, though the services would need to be arranged in a smaller scale and would require infrastructure and a theme park or an island. The actual applicability of theme differentiated services and route transport services to Espoo depends of the current availability and demand of such services in the area, which have not been sufficiently researched by this thesis or research, since the focus of this thesis was on tour and transport services in Turku archipelago. From the perspective of operational environment and customer segments the services of the case companies would be suitable to Espoo, since the operational environment in Espoo would seem to be quite similar to Turku and Kemiönsaari operational environment.

Further research concerning this topic could be conducted to acquire more information about the accommodation, restaurant- and program service markets and service offering in Espoo archipelago.

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Interview query letter and the interview questions in English

Dear entrepreneur or a company representative,

I am a Bachelor student, studying a degree of International business and logistics in the Metropolia University of Applied Sciences in Vantaa. I am working on my bachelor's thesis under the name: Benchmarking transport services in Turku coast and Archipelago and conducting research for the benefit of Espoo city and my own work.

I would like to interview a representative from your company, to retrieve first-hand information about the coastal area and archipelago's transport and tour services and about organizing them by means of business operations. This information is collected for the use of my thesis and possibly for transport service development work in Espoo.

The meaning of my work is to Benchmark, by that meaning to point out, compare and analyze existing business models for Espoo city. As later objective Espoo hopes to possibly propose existing business models for their entrepreneurs to operate in the coast, near the archipelago. I wish to bring into attention some successfully operated businesses, as my scope the daytime cruise and charter cruise and trip organizers in Turku and Kemiönsaari.

I am conducting my Benchmarking work to retrieve information in connection to the Espoo city's Last Mile project, which carries objectives to promote the travelling of tourists and local people to spend their free time in Espoo coastline and archipelago.

Information about the scope area for new services – Espoo Rantaraitti and archipelago

The Espoo Rantaraitti is an area subject to development plans in the coast of Espoo. Currently the area lacks restaurant-, accommodation- and entertainment services and consist mostly of nature sights and walking routes. Espoo city is planning a sauna, some restaurants and an area including services and the plan is to transport people also towards the archipelago from the shore. The Espoo archipelago in this connection means 12 islands owned by Espoo city, which are reserved for recreational and leisure use and for outdoor activities. 4 of the islands are bigger, where a public transport has been arranged and 8 islands are smaller, offering equipment for making a small fire and an attachment dock. The problem in the area is the lack of transport services and vehicles in the area, where most of the transport is operated independently. Espoo archipelago also includes two restaurants in the islands, which have no transfers off the islands during late evening hours.

I find that, the companies you are running could very well be suitable to the area, offering services to the possible needs of transport and tour services of customers. That is why I would like to interview you for my research.

I have selected the following case companies in Turku and nearby archipelago for the interviews:

- a) M/S Rudolfina Ab
- b) Steamboat S/S Ukko-Pekka Ab
- c) Rosita Ab
- d) Rosala & Bengtskär booking office, Rosala Viking center Ab

My objective is in a positive tone to bring to notice the successfully run businesses in Turku and Kemiönsaari and bring these business models in the notice of Espoo project staff. I prefer to get information from the company perspectives, rather than finding information online or elsewhere. You do not need to answer all questions if you wish not to. I will use the information gathered through these interviews in the analysis section of my work, and to creating tables in the form of Business Model Canvas to present your companies and give a general picture of your business's operations. (In the end you can find information about the BMC-model) The interview includes about 30 questions.

The question groups and questions I would like you to answer are the following:

Customers and their expectations:

- Who are your customers and to whom have your services been designed for?
- What image have you wanted to create of your service or what are the customers getting from you when they book services from you instead of booking from the competitor?
- What do customers expect from your services?

About service offering:

- What is your service offering combination, what services do you offer?
- Which tour- and transport services are mainly in demand, do the customers book more daytime or evening trips?

Business operations

- Who is offering the services, are you possibly a family owned business in co-operation with another company? Who are the owners of the business?
- Which are your most critical partners or stakeholders?
- Which partners or stakeholders does the company need most to fulfill the Value proposition, offer your service and whatever you are offering to the customer? Which partners or stakeholders are the most critical?

Key Resources

- What are the key resources, without which the company is unable to deliver the Value proposition?

Key Activities

- What are the Key Activities, that must have been performed to deliver the Value proposition?

Prevalent laws and regulations on the selected field

- Which laws and regulations limit and regulate specifically your business?

- The state council has published a presentation about reducing regulations and organizing funding to promote and support the transports and traffic in the archipelago. How will this affect your business operations?

General information about funding operations and cost-structure

(I will use this information to create a table according to the Business Model Canvas-model in my Thesis. There is information available about the table and the model after the questions)

- Do you fund your business operations by own operations, other funding or do you get financial support from someone?

Cost structure

- What generates the most essential costs in running your business model?
- Are the costs fixed or do they vary by delivered volumes?

Revenue streams

- What smaller streams compose the revenue stream?
- How do you price your services?
- What differentiates you from your competitors, what is the base of your profitability compared to competitors?

Sales and customer relationships

- How and where from do you find more customers?
- How have you arranged sales; online, own sales booth, through other sellers?
- Where and how is the service delivered to the customer?
What measures do you take to ease purchasing?
How do you arrange customer service; face-to-face, online, community handles it?
What measures do you take to keep your customers or engage commitment?

Effects of the holiday season:

- Do holiday seasons effect the demand of your service, how much?
- What other factors affect the demand during summer months?
Is there or could there be demand for your services outside the summer months? For which of them?

Others:

- How has your company branded its services, compared to competitors? Are you the oldest/newest/most reliable operator? Is your ship more pleasant or cheaper, do you have more entertainment program, different menu, etc.?
- I know that you have long history operating in the area, but on what do you base your advertising? If you think about starting a business in a new area, where and how do you think the marketing and advertising would best reach the potential customer? (Visibility on the beach, newspapers, where could you market the services in the capital city area?)
- Have you had problems with safety on board, is there a guard on board the boat? How do you take care of the safety of your customers?
- On the coastal area of Espoo there are 4 larger islands, reserved for recreational and leisure use, where boats the size of your boats could stop on the piers. On two of these islands there are restaurants, where from there is no transport to mainland after 7 p.m. Espoo shoreline is 38 kilometers long and

there are sights and destinations on the coastline where it could be interesting to stop also on a day tour. Based on this information, do you think there could be demand for services homologous to your offering, in Espoo?

- In Espoo there has been discussion about a so called “evening transport”, which would transport customers off the restaurants in the archipelago after 7 p.m. (There is currently no transport and the restaurants close at 7) Can you think of any problems in organizing this kind of transport, or could you imagine that boats of a company similar to yours could run this kind of transports, and what should be considered in organizing it? How could it be charged from customers and can you think of pro’s and cons in it?
- Espoo Rantaraitti is an area under development and there are not too many restaurant-, accommodation- or entertainment or program services, the area consists mostly of nature and walking routes. What changes in transports or services can you recall being made in the past, which have especially brought more tourists and customers into the archipelago, or to restaurants and accommodation services in Turku?

Information about the Business Model Canvas I plan to use:

Business Model Canvas (BMC) is a strategic management tool, for creating new or for development of existing business models. The model typically presented in table form includes the organizations business model and strengths, Value proposition, infrastructure customers and finances. With the table the company can easily classify its operations potential for business and viability. MBC consists of planning business’s operations and defining its key products and services and comprehends the revenue streams, channels and partners.” All your answers will be transformed into a simple form to present them in the table, similar to the picture below.

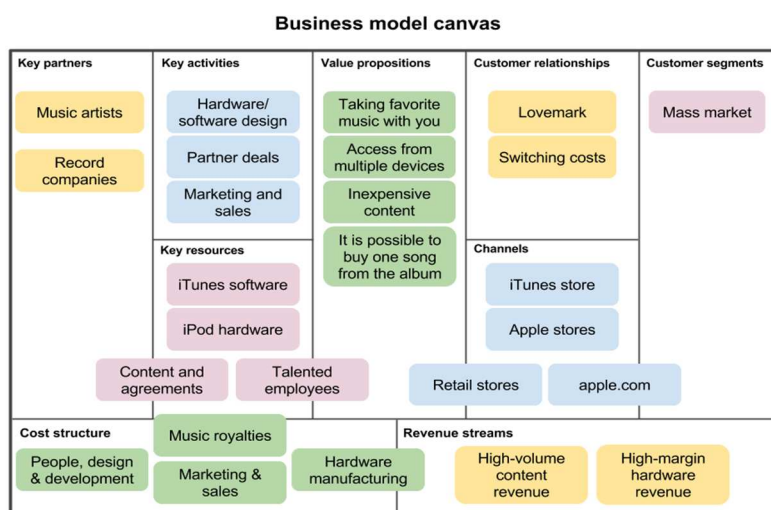


Figure 8. Business model canvas example (Cyfh.us 2018)

Interview query letter and the interview questions in Finnish

Hyvä yrittäjä tai yrityksen edustaja,

Olen kansainvälisen kaupan ja logistiikan Tradenomiopiskelija Metropolian amk:sta Vantaalta. Teen opinnäytetyötäni nimellä Benchmarking transport services on Turku coast and Archipelago Espoon kaupungille ja koululleni.

Haluaisin haastatella teitä, hankkiakseni ensikäden tietoa rannikkoalueiden ja saariston kuljetus ja viihdyke palveluiden järjestämisestä liiketoiminnalla - opinnäytetyöhöni, sekä logistiikanpalveluiden kehitystyöhön Espoossa.

Työni tarkoituksena on ”Benchmarkata”, eli vertailla ja analysoida valmiita toimintasuunnitelmia Espoolle tarjottavaksi yrittäjilleen saariston kupeessa rannikolla. Haluan nostaa esille menestyksekkäästi toimivia yrityksiä, kohderyhmänäni päiväristeilyitä ja tilausristeilyitä tarjoavat yritykset Turussa ja Kemiönsaarella.

Teen Benchmarking- työtäni hankkiakseni tietoa Espoon kaupungin Perille Asti-hankkeeseen liittyen, jonka tarkoituksena on saada enemmän ihmisiä, kuten turisteja ja vapaa-ajan viettäjiä viettämään aikaa Espoon rannoilla ja saaristossa.

Tietoa kohdealueesta uusille palveluille – Espoon rantaraitti ja saaristo

Espoon rantaraitti on Espoon rannoille suunniteltu kehitteillä oleva alue, jossa on tällä hetkellä huonosti ravintola, majoitus ja viihdepalveluita, alue on lähinnä luontoa ja kävelyreittejä. Espoon kaupunki suunnittelee rannalle saunaa, ravintoloita ja palveluita käsittävää aluetta ja siitä olisi tarkoitus liikuttaa ihmisiä myös saaristoon. Espoon saaristolla tarkoitetaan tässä Espoon kaupungin omistamia, rannan läheisyydessä sijaitsevaa 12 liikunta ja virkistyskäyttöön tarkoitettua saarta, 4 näistä on suurempia, joihin on julkinen venekuljetus ja 8 pienempää joissa tarjolla nuotiovälineitä ja kiinnittymislaituri. Ongelmana on erilaisten kuljetusvälineiden puute alueella, jolla liikutaan nykyisin omatoimisesti. Espoossa on myös mm. kaksi ravintolaa saarissa, joihin ei tällä hetkellä ole tarjolla kuljetuksia ilta-aikoina.

Tuollaiselle alueelle näen teidän kaltaistenne yritysten myöskin sopivan ja tarjoavan palveluita ihmisten mahdollisiin liikkumis- ja viihdyttämistarpeisiin. Siksi haluan haastatella teitä aiheeseen liittyen.

Haastateltaviksi olen valinnut seuraavat toimijat Turussa ja lähialueilla:

- a) M/S Rudolfina
- b) Höyrylaiva S/S Ukko-Pekka
- c) Rosita Oy
- d) Rosala & Bengtskär Matkavaraamo, Rosalan Viikinkikeskus Oy

Tarkoitukseni on vertailla ja positiivisella tavalla huomioida ja nostaa esiin menestyksellistä toimintaa Turussa ja tuoda toimintamalleja Espoon projektin henkilöstön tietoon. Haluan hankkia vastauksia teidän näkökulmastanne ennemmin, kuin etsimällä tietoa netistä tai muualta. Kaikkiin kysymyksiin ei ole halutessaan pakko vastata. Käytän haastattelun tietoja opinnäytetyöni analyysi osuudessa, sekä luodakseni Business Model Canvas- mallin mukaisen taulukon opinnäytetyöhöni, jonka tarkoitus on antaa yleiskuva toiminnasta. (BMC-mallista infoa viimeisenä). Haastattelussa on noin 30 kysymystä.

Kysymysryhmät ja kysymykset, joihin haluaisin vastauksia haastattelussani ovat seuraavat:

Asiakkaat ja heidän odotukset:

- Ketkä ovat asiakkaitanne, kenelle palvelunne on suunnattu?
- Minkä mielikuvan olette halunneet luoda palvelustanne tai mitä asiakkaat tulevat teidän mielestänne ostamaan, kun he tilaavat matkoja teiltä eikä kilpailijalta?
- Mitä asiakkaat odottavat palveluiltaan?

Tarjottavista palveluista:

- Millainen on teidän palvelukokonaisuutenne, mitä kaikkea tarjoatte?
- Mitä kuljetus ja matkapalveluita kysytään eniten? Ovatko päivämatkat vai ilta- matkat suositumpia?

Yritystoiminnasta

- Kuka palveluita tarjoaa, oletteko esim. perheyritys yhteistyössä toisen yrityksen kanssa? Ketkä ovat omistajanne?
- Ketkä ovat tärkeimmät yhteistyökumppanne tai sidosryhmänne?
- - Mitä yhteistyökumppaneita yritys tarvitsee toteuttaakseen arvolupauksen = palvelunne (sen mitä tarjoatte asiakkaalle)? Ketkä kumppaneista ovat kaikista kriittisimmät?

Kriittiset resurssit

- Mitkä resurssit ovat kriittisiä, joita ilman yritys ei pysty toimittamaan arvolupautaan?

Kriittiset tehtävät

- Mitkä tehtävät on aivan pakko tehdä, jotta arvolupaus voidaan toimittaa?

Taustalla vaikuttava lainsäädäntö ja rajoitukset

- Mitkä lait erityisesti säätelevät ja rajoittavat toimintaanne?
- Valtionneuvosto on julkaissut esityksen lainsäädännön kevennyksistä ja rahoituksen järjestämisestä saaristoliikenteen lisäämiseksi. Miten tämä tulee vaikuttamaan teidän toimintaanne?

Toiminnan rahoittaminen ja kulut yleisellä tasolla

(Käytän tätä tietoa luodakseni Business Model Canvas- mallin mukaisen taulukon opinnäytetyöhöni, taulukosta infoa kysymysten jälkeen)

- Rahoitatteko toiminnan omalla liiketoiminnalla, muulla rahoituksella vai saatteko jostain tukea?

Kustannusrakenne

- Mistä syntyy olennaisimmat kustannukset liiketoimintamallin toteuttamisessa?

- Ovatko kustannukset kiinteitä vai muuttuuko ne toimitetun kappalemäärän mukaan?

Tulorakenne

- Mistä puroista kassavirta koostuu?
- Miten tuotteet hinnoitellaan?
- Miten mielestänne eroatte kilpailijoistanne, mihin kannattavuutenne perustuu kilpailijoihin nähden?

Myynti ja asiakassuhteet

- Mistä ja miten löydätte lisää asiakkaita?
- Miten myynti on järjestetty, netissä, omalla kioskillä, muiden myyjien kautta?
- Missä tai miten tuote toimitetaan asiakkaalle?
- Mitä teette pienentääksenne asiakkaan ostokynnystä?
- Miten asiakaspalvelu hoidetaan? Kasvokkain, verkossa, yhteisö hoitaa...
- Mitä teette pitääksenne asiakkaat teidän asiakkainanne?

Loma-aikojen vaikutukset:

- Vaikuttavatko loma-ajat palveluiden kysyntään, miten paljon?
- Mitkä muut tekijät vaikuttavat kysyntään kesäkuukausina?
- Onko tai voisiko palveluillenne olla kysyntää kesäkuukausien ulkopuolella? Mille niistä?

Muuta:

- Miten sinun laivasi on brändännyt palvelunsa kilpailijoihin verrattuna? Oletko muihin verrattuna vanhin/nuorin/luotettavin toimija? viihtyisämpi, halvempi, onko teillä enemmän ohjelmaa, erilainen menu yms.?
- Tiedän että olette toimineet kauan Turussa, mutta mihin markkinointinne perustuu? Jos ajatellaan toiminnan aloittamista uudessa rannassa, missä ja miten näkisit, että markkinointi toimisi parhaiten? (näkyvyys rannassa? lehdet? missä palvelua voisi markkinoida pk-seudulla?)
- Onko ollut ongelmia turvallisuuteen liittyen, onko laivassa vartija? Miten huolehditte asiakkaiden turvallisuudesta?
- Rannikkoalueella on 4 suurempaa virkistyskäyttöön tarkoitettua saarta, joissa on teidänkin laivoillenne varmasti sopivat laiturit, kahdessa näistä on myös ravintola, josta ei ole kuljetusta pois klo 19 jälkeen. Lisäksi rantaa on Espoossa 38 kilometriä ja ranta-alueella on kohteita, joihin voisi olla kiinnostavaa pysähtyä myös risteilylaivalla.
Espoon rannasta kertomani perusteella, luuletteko että teidän palveluillenne olisi kysyntää myös Espoossa?
- Espoossa on puhuttu ns. "iltakuljetuksesta", joka kuljettaisi asiakkaat pois saariston ravintoloista klo 19 jälkeen (kuljetusta ei nykyään ole iltaisin). Tuleeko mieleesi ongelmia, joita tällaisen kuljetuksen järjestämisessä voisi tulla vastaan, tai voisitko ajatella, että teidän kaltaisen yrittäjän veneet toimisivat tällaisena kuljetuksena, mitä siinä tulisi ottaa huomioon? miten sitä voisi veloittaa asiakailta? hyviä huonoja puolia?
- Espoon rantaraitti on kehittyvä tai kehitteillä oleva alue, jossa on tällä hetkellä huonosti ravintola, majoitus ja viihde palveluita, alue on lähinnä luontoa ja kävelyreittejä. Mitä muutoksia kulkuvälineisiin tai palveluihin muistatte, että on tehty

menneisyydessä, joka erityisesti on tuonut lisää turisteja ja asiakkaita saaristoon tai ravintoloille ja majoituspalveluille Turussa?

Tietoa opinnäytetyössäni käyttämästäni Business Model Canvas – mallista:

”Business Model Canvas (BMC) on strateginen johdon väline, jolla luodaan uusia tai kehitetään jo olemassa olevia liiketoimintamalleja. Tyypillisesti taulukkomuotoon tehty malli käsittää yrityksen liikeidean ja vahvuudet, arvolutaukukset, infrastruktuurin, asiakkaat ja talouden. Taulukon avulla yritys kykenee helposti jäsentämään toimintonsa potentiaalisen kaupanteon ja toteuttamiskelpoisuuden. BMC koostuu yrityksen toimintojen ja sen avaintuotteiden ja -palveluiden suunnittelusta ja käsittää sen rahavirrat ja kanavat, sekä yhteistyökumppanit.”

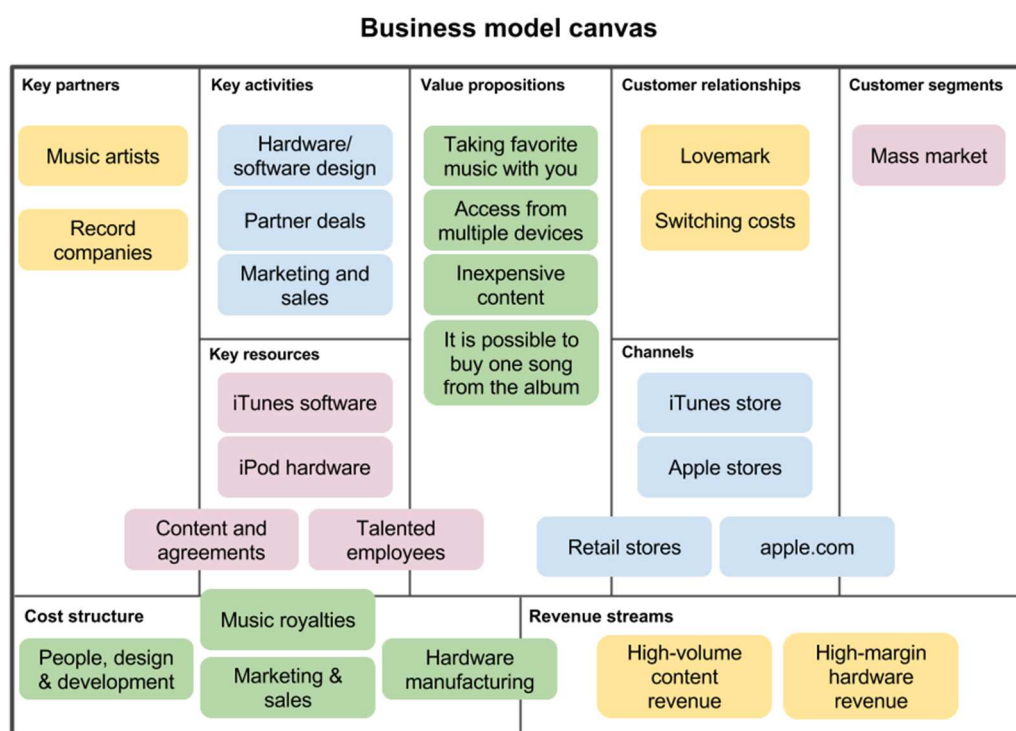


Figure 9. Business model canvas example (Cyfh.us 2018)

Kaikki vastauksenne siis muutetaan hyvin yksinkertaiseen muotoon mallin mukaiseen taulukkoon.